UNITED STATES DEPARTMENT OF STATE

BUREAU OF OVERSEAS BUILDINGS OPERATIONS

INDUSTRY ADVISORY PANEL

HARRY S. TRUMAN BUILDING

WASHINGTON, D.C.

HELD ON

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P R O C E E D I N G S

MR. NAMM: Okay. Good morning, everybody, and welcome to Bureau of Overseas Buildings Operations' first Industry Advisory Panel in 2011. We have these twice a year.

Let me remind everyone at the table to please speak into the microphone. Before you speak into the microphone, turn your microphones on when it's time to speak. And that's the little button in front of you. And for those like Lydia to my right who don't have a microphone in front of her, I'll do that, you know.

Before I keep going, Ramsay Stallman, our executive director, is going to make a security announcement.

Please, Ramsay.

MR. STALLMAN: Thank you.

Good morning, everybody. Just a couple of administrative and security announcements. I see a lot of new faces, so I just want to run through a couple of things.

First of all and most important is you have a visitor's badge. That badge must be visible at all times. So please make sure that you have that badge where the DS guards can see it if you go out into the hall or in the rest of the building. That will become especially important when we go to lunch. So please be sure that's visible.

Escorts, you are required to be escorted wherever you roam in the building. We have plenty of escorts in the hall this morning. So if you need to take a break or step out for a minute, there will be people out in the hall that will be able to escort you where you need to go.

Your cell phones, Wi-Fi must be disabled

while you're in this room. You can have the phones. Of course, we typically in the past asked you to turn those in, but if you'll just turn off the Wi-Fi, that will be satisfactory.

No food in the conference room. You can have water obviously. So if you need to step out, there's still food in the delegates lounge across the way if you want coffee.

There are four exits in the room. Just you might familiarize yourself with them. These two at the back of the room will be not available to you during the meeting unless there's an emergency, but the two in the front will be open for your convenience.

There is a visitor's information sheet on your chair that sort of highlights some of the things that I just said. So if you have an opportunity and want to look at that.

And, finally, when we break for lunch, I'll

have some instructions about how we want to break for lunch. It's a large group. We need to get to the cafeteria as close to noon as we can. But seating is at a premium in the cafeteria because they're redoing the space. So we kind of want to get the panel folks out and then we'll make -- we'll help get you all to an escort and get you to the cafeteria to get yourself some lunch.

And that's all I have. Thank you and welcome again.

MR. NAMM: Okay. Thanks, Ramsay.

Let me introduce -- we've got a lot of new faces at the table. Many of them are members of our design excellence or actually design excellence working group chairs. And we'll get to those folks a little bit later.

But let me introduce to my right our deputy director at OBO, Lydia Muniz. To my left, Jurg Hochuli, who's our deputy director for resource

management. To Lydia's right, Joe Toussaint is our managing director for program development, coordination, and support. About three down from me -- raise your hand, Leo -- Leo Hession is our managing director for operations.

We've got two folks subbing for managing directors who couldn't be here today, Dan Hogan, two to my left is representing Rod Evans who's our managing director for construction facilities and security management.

And, finally, Patrick McNamara sitting next to Joe Toussaint is representing Jay Hicks from our directorate of planning and real estate.

Now let me get to the panel members. I want to introduce two new panel members, Carlo Colella -- Carlo, welcome -- representing the Construction Owners Association of America.

Carlo is director of capital projects for University of Maryland College Park where he is

responsible for 1.5 -- for a $1.5 billion capital program with annual expenditures of $200 million statewide.

Again, welcome, Carlo.

Dr. Jerry -- Jeremy Isenberg represents the American Society of Civil Engineers. Jeremy couldn't be here today, but we're very happy to have in his place Dr. Hamid Adib.

Welcome, Hamid.

Dr. Hamid is a practice leader at AECOM and has extensive experience in the management and performance of structural engineering services for a broad range of projects.

Welcome again.

Returning panel members, I'll start with one substitute, Kathleen Shanahan from CIRT, the Construction Industry Round Table, couldn't be with us today, but we're very pleased to have Ambassador James Kenny.

Ambassador Kenny, welcome. I have to call you ambassador. You're back at the State Department.

Ambassador Kenny served as a U.S. ambassador to Ireland from 2003 to 2006. He currently serves as executive vice president of Kenny Construction Company and president of Kenny Management Services.

Kenny Management Services has overseen large complex construction projects such as the Chicago Midway Airport expansion, New Orleans Airport, Chicago Transit Authority's capital program, and Soldier Field, renovation of Soldier Field which I complimented you on. I am a football fan. I have not made it there, but it looks great on TV.

Other returning panel members, we've got Janet White -- welcome back, Janet -- from American -- representing American Institute of Architects. Janet is principal and director of government projects for Kling Stubbins' D.C. office.

Greg Gidez from AIA representing Design --

I'm sorry -- representing Design Build Institute of America. Greg is corporate director for pre-construction services for Hensel Phelps Construction.

Scott Muldavin, there's Scott, representing Counselors of Real Estate. Scott is executive director of the Green Buildings Finance Consortium and author of the book Value Beyond Cost Savings: How to Underwrite Sustainable Properties. Very hot topic these days in the State Department and elsewhere.

Bill Rodgers also cannot be here today, representing the International Facility Management Association. And in his place Jeff Johnson.

Jeff, welcome. Welcome back. You've been here before.

MR. JOHNSON: I have.

MR. NAMM: Yes. So welcome back to Jeff.

Stuart Sokoloff representing SAVE International. Stuart is a geotechnical foundation structural engineer and is the president of CTS Group.

And, finally, Rod Ceasar -- hey, Rod -- representing the Associated General Contractors of America. Rod is senior vice president international of Cadell Construction Company.

I want to welcome a couple people in the audience. First former panel members. Mary Anderson. Where is Mary? There she is. Senior vice president and business development manager for Schnabel Engineering. Mary represented SAME, the Society of American Military Engineers, on the IAP formerly.

Barbara Nadel. Where is Barbara?

Hello, Barbara.

Barbara is back having represented the American Institute of Architects on the panel and also served as chair of the AIA's 21st century embassy task force which figures absolutely in today's topic.

Jane Loeffler who I saw across the room. There she is.

Hi, Jane.

Jane is the author of the Architecture of Diplomacy and also informed and continues to inform a lot of our work at OBO and, by the way, did a terrific presentation the other week for the American Foreign Service Association Group.

We've got a FAPE representative, Friends of Art and Preservation in Embassies, Caitlin O'Connor. Caitlin? Okay. Maybe he hasn't made it yet.

Many other familiar faces, many additional faces. We normally seat about a hundred or have a hundred come to the Industry Advisory Panel.

And, Christy, I think we have about 200 today?

MS. FOUSHEE: Yes.

MR. NAMM: About 200. And I'll say it again. I'm glad we're no longer in that small room down the hall. For those of you who remember the little room where if you sat on the wrong wall, you had to do this (indicating) to look at the screen

which was always blurry in any case, but we've got a nice big screen that everybody can see and plenty of seating and stadium seating at that.

And so we're very happy that the State Department's Bureau of Administration has allowed us to use and will continue to allow us to use this Loy Henderson Auditorium.

Back to the IAP. We intend to revise the IAP Charter this summer to allow panel members to serve two-year terms. Why is that? Because last year for logistical and other reasons, we went from quarterly IAP meetings to semiannual.

And it then occurred to us that it doesn't make a whole lot of sense to have panel members come to only two meetings. We'd like panel members to come to four meetings and that will be over two years. And that's what we're going to do is revise the Charter to expand membership to two years.

Let me tell you a little bit about what OBO

is doing in this fiscal year, fiscal year 2011. To date, we've awarded almost $400 million in projects. I'm going to speak real fast in the interest of time. A hundred and nineteen million in Basra, Iraq; 106 million in Baghdad, Erbil; small projects in Kabul, Ulaanbaatar, Jakarta, Lima, Rome, Bishkek.

We're going to award this year in the future Bamako, a recreation facility; a Dhaka project, Dhaka; Vientiane; Oslo, also a new embassy compound; a large annex building in New Delhi; a new embassy compound in Rabat, Morocco; large rehab projects in Niamey Niger and in Frankfurt, Germany.

We have dedications and ground-breakings coming up this year, Addis Ababa, Lusaka, Karachi, Kabul, Manila, Riga, Bandar, Malabo. If that sounds like a lot, that's because it is.

This year, if all goes well, and I'm knocking wood a little bit, but we hope to open 15 new buildings this year, 15, which is I'm going to venture

to guess the most buildings we've opened in any particular -- that's in this calendar year.

So a lot of projects coming to fruition, other projects starting. We're spending a lot of money and we feel like we're spending it wisely. And we feel like we've got good work going on.

By the end of this year, we will have nearly 28,000, 28,000 U.S. government employees in safer, more secure new facilities. That's over the past decade and we're very proud of that.

(Applause.)

MR. NAMM: Thank you.

London is a project that's featured prominently in the design excellence brochure that everybody has been given a copy of. London is a self-financing project. We have sold the Grosvenor Square Chancery. We sold a few years ago the Navy Annex Building next door. Haven't moved out. We did lease back, so we're in the existing chancery until we move

to the new building. But it's a self-financing project. We should move in if all goes well in 2017.

And we're moving forward with early contractor involvement which is something that we'll talk about later on in the design excellence presentation. We had over a hundred attendees come to an early contractor involvement presentation meeting in London last month.

Iraq, Afghanistan, Pakistan, three of the countries obviously where our foreign policy is most focused, lots of work. I mentioned some of it to be awarded and going on in those three countries.

Maintenance cost sharing, you've heard us discuss many times at this -- in this forum that although we're pretty well funded for maintenance, we have always been behind -- or -- I'm sorry -- well-funded for construction, for construction. We have always been behind on maintenance.

We have a long-range overseas maintenance

plan that catalogues close to $4 billion in deferred, about half deferred and the other half projected over the next five years' maintenance needs.

I'm very pleased to report that the President's FY '12 budget includes $225 million for something called maintenance cost sharing. That's proposed by the administration.

In FY '12, if we get it, we would be taking a rib, if you will, taking a rib out of capital security cost sharing, that is have a little less money with which to build buildings but more money with which to maintain buildings.

And what we're doing, what the administration is doing is putting our money where our mouths have been for many years. We've said we've been woefully underfunded in maintenance. We're willing to take some money and do -- essentially build one less embassy a year if we can have more for maintenance.

So we'll see how that goes and we're hopeful. And we appreciate the support of OMB and many on the Hill, GAO included, who have talked to us about this over the years.

The OBO Art and Embassies Program will celebrate its 50th year in 2012. Art is planning lots of events to mark that occasion. Very excited about that.

And then I turn to today which is all about design excellence. And, again, big day for us since the reason you are so numerous in attendance here today. And we're going to jump right into it. And I'm five minutes behind and I started five minutes behind, so I feel like I'm on time.

And we're going to get into OBO's design excellence presentation. So if we could have the first slide and I am going to walk through a little bit of a history of OBO and history of the Buildings Program. And then I'm going to kick it over

to Lydia who has stood up OBO's -- let me make no bones about this -- Lydia has stood up OBO's Design Excellence Program. And I have watched in admiration and I think we've got something that's really valuable and worthwhile that we're rolling out today.

A lot of good people have worked on design excellence and Lydia will be recognizing many of them. And they'll be talking later on in this presentation.

But let me start out with some slides. Here's OBO's mission and it's a revised mission. And I'll read it. To provide safe, secure, and functional facilities that represent the U.S. government to the host nation and support our staff in the achievement of U.S. foreign policy objectives.

These facilities should represent American values, and this is the newer part, this second sentence, these facilities should represent American values and the best in American architecture, engineering, technology, sustainability, art, culture,

and craftsmanship. And I think that's very well said.

That is a rendering of what the new London embassy will look like. There will be more on that a little bit later.

Next slide, please.

Let me go back and give you a little bit of a history, and I did this last year, but for those that weren't here, this is -- this will be new. Existing and historic buildings adapted for embassy use at the beginning, and the American legation in Tangier which, by the way, is the only overseas building on the National Register of significant -- of historic places, thank you, as well as Rome, as well as Manila were all existing buildings that were then adapted for embassy use.

The embassy in Rome was formerly the Italian queen's -- queen mother's residence.

In Manila, the embassy, the chancery was built in 1940 as a residence. That's on the right.

It was office of high commission. When the Philippines was a territory of the U.S., it was used the Japanese during World War II occupation.

And the ballrooms, by the way, in that building, I've been there, were used for war crimes trials of Japanese in the Philippines after the war.

Next slide.

Then we got into purpose built embassies, '26 to 1950. There's the Paris Chancery on the left, the Tirana Chancery on the right, Tirana, Albania. These residence -- or these embassies typically included a residence, the minister's residence, the ambassador's residence, a small chancery, garage, servants' quarters. So they were embassies and the residences all in one.

Next slide, please.

Then we got into the Cold War and got into what we call the modern era of embassy office buildings. And there's New Delhi. And if it looks

somewhat like the Kennedy Center, it's because it's the same architect, Edward Durell Stone.

On the right is our chancery in Athens. And these buildings were to be used, were used as tools of democracy representing openness and transparency as a counter to Soviet influence during the Cold War. The Athens Chancery, of course, was designed by Walter Gropius. So big name architects doing very impressive buildings.

Money has always been an issue and the reality in our Building Program is that bad things have gotten us money.

And the next phase is the Inman Security Program which was brought about by bombings in 1983 of two of our embassies in Beirut and Kuwait. And the Inman Program, Admiral Bobby Inman studied security and proposed standards, many of which we're building into our buildings today, but proposed standards and the Inman Program generated 16 new chancery buildings.

Caracas is there on the left. Bangkok is on the right.

Inman design characteristics include the concept of a 100-foot setback for the first time. That and blast resistant requirements resulted in larger sites because you need a larger site to be able to get that hundred-foot setback on all four sides of the building.

And because there are larger sites, we had to build outside of center cities. You had to go outside of center cities and we still do in many cases today to get the required amount of land to build buildings with setback.

Sixteen buildings. This program, the Inman Program, petered out mainly due to a lack of sites. And sites are very -- are crucially important. Sites are the life blood. If we can't get sites, we can't build buildings.

And as the sites weren't there, the money

dried up and then we went into a period during the late ‘80s, early ‘90s, really through the ‘90s where we weren’t building too many new buildings.

Next slide, please.

And these very few buildings, and there are very few, Abu Dhabi, Doha, Kuwait, Sao Palo, Tunis, and pictured Moscow on the left and Ottawa on the right, we built very few buildings during most of the ‘90s, some nice buildings. And Ottawa is a great building, Moscow Chancery, and we’re going to be awarding an annex in Moscow this year.

Next slide.

I said bad things have engendered funding sources for OBO and tragically the bombings of our embassies in Nairobi and Dar Es Salaam in 1998 were a reminder of how dangerous life working in a U.S. embassy is.

They led to Admiral Crowe chairing an Accountability Review Board in 1998. That board found

a collective failure of the U.S. government to provide adequate resources to reduce the vulnerability of U.S. diplomatic missions to terrorist attacks and that led to something called the Overseas Presence Advisory Panel chaired by a private sector attorney named Lewis Kaden.

The Overseas Advisory -- Overseas Presence Advisory Panel reported nine general recommendations in a 1999 report and the panel concluded that many overseas U.S. facilities were insecure, overcrowded, and, quote, shockingly shabby, unquote. And that speaks to maintenance as well as new buildings, of course. And it recommended major capital improvements and an acceleration of the process of addressing security risks.

All of that led to the passage in 1999 of SECCA, S-E-C-C-A, which stands for the Secure Embassy Construction and Counter-Terrorism Act of 1999. That legislation mandated, mandated the hundred-foot

setback which OBO had instituted under the Inman Program. And the effect on OBO was a shift in programming and a shift to larger sites again capable of consolidating all diplomatic functions.

Now the idea was to put all of the diplomatic functions. So if there was a consular section or a public affairs section separate from the chancery, we -- USIA which then became public -- the public diplomacy portion of the State Department, we sought, OBO sought to put all of the functions on one compound.

And, in fact, if they're not all on one compound, the post needs to get a collocation waiver, collocation waiver signed by the secretary, signed by the assistant secretary for diplomatic security.

Next slide.

They are the new embassy buildings in Nairobi and Dar es Salaam both completed in 2003.

Next slide, please.

Since 1998, we've had a very robust program called Capital Security Construction. And that's funded by something called capital security cost sharing, the third bullet. Under capital security cost sharing, the State Department contributes about 70 percent of the cost of building embassies and that's to an overall pot of $1.4 billion. Other agencies contribute the remaining 30 percent.

A standard embassy design introduced in 2002 allowed us to crank out a lot of buildings and this has been a good thing in terms of putting, as I said, thousands, tens of thousands now of U.S. government employees into safer buildings.

There have been in the last ten years some unique projects and they're listed in the fourth bullet there.

Next slide.

So we've come a long way since August of '98. And I'm not going to turn it over to Lydia who

is going to talk about where we'd like to go because although we've done a great job and we've built a lot of buildings and we've put a lot of people into safer buildings, we can do better. And that's what design excellence is all about.

And, Lydia, please.

MS. MUNIZ: Thank you.

As Adam said, we have really come a long way. We have built 78 new diplomatic facilities. I think that's 77, but we updated to 78 yesterday. We have put 23,000 people into those secure, safer, functional facilities.

And we have 34 projects that are in design and construction right now. So I think we do have a lot to be proud of.

But I think it was really a great time for OBO to step back, to step back and look at our organization, look at the work we were doing, and trying to map out where it was that we wanted to go

for really the next 10, 15 years.

Really what we had to get our minds around is what was the next generation of embassies, what were our goals, our aspirations, and how were we going to organize ourselves in order to meet those goals.

And in comes design excellence. Here we've sort of restated again what our goals are. Adam went over those briefly, but if I could restate it's a new generation of secure, high performance, sustainable, diplomatic facilities that support the conduct of American diplomacy, represents the U.S. to the host nation, and utilizes the best of American talent and architecture, engineering, art, construction, and innovation and technology in these areas.

I think it's also very important to note in these times, fiscally constrained times, we really have an obligation to make sure that we're giving the best value to the American taxpayer in these facilities. We're investing an inordinate amount of

resources in these facilities and we need to make sure that they stand the test of time, that they're here for a long time and that the maintenance costs for those facilities are as minimal as we can have them.

Next slide.

The effort, this design excellence effort, I think was born and was encouraged from many different quarters. We had Congress expressing an interest in a renewed focus on design excellence. In particular, the Senate Foreign Relations Committee Chairman Cary and Ranking Minority Member Lugar have been very supportive of this program and have encouraged us to look at design excellence.

We've had senior Foreign Service ambassadors, senior Foreign Service members all over the world really commenting on the importance of the embassy, of the physical structure of the embassy as a tool of public diplomacy, something that conveys what it is to be American. Is it to be open? Is it to be

the best in terms of design, in terms of construction? And we wanted to make sure and they wanted to make sure that we continued to express those ideals in our buildings.

Foreign leaders as well I think recognized the shift in the program and have always been grateful when the U.S. makes an investment in their country but are always concerned again that that investment represents a sense of openness and a sense of respect for the local culture, architecture, and a dedication to putting the finest buildings in those places where we build.

The AIA has been really a continuing advocate on this topic. They published a report I think now over a year ago with a number of recommendations. That's a report that we relied on heavily in this process. And the design community at large I think has been an advocate for this effort.

So we started our effort with the guiding

principles of design excellence in diplomatic facilities. All of you have a brochure, I believe, that was either handed to you at the door or was on your chair when you came in. And the guiding principles are published there.

We started this process with those principles because we thought it was important to have a road map, something that was general enough, aspirational in nature, and timeless so that we could look to it as we developed our program, but so that they were still relevant years from now as we continue to modify this program and improve on it in successive generations.

Again, it's been a very busy year for us at OBO. It's been a wonderful year in many ways and we'll talk about that a little bit more.

The way we started this process again after the guiding principles was to develop seven internal working groups. The chairs of all of those working

groups, I believe, are here. So I'll go around the table quickly and introduce them in a moment.

And the working groups are really at the working level. They know what it is that we do at OBO, what it takes to get our buildings made, and they assembled groups under each of them that represented a multidisciplinary team of folks that they regularly work with in the building and outside of the building.

What we wanted to do was get a sense of how to make this happen in our day-to-day processes. Again, they've done a terrific amount of work and that work was then presented to a steering committee made up of the managing directors of OBO and a number of other people. I'll go into that in just one minute.

Next slide, please.

So, again, the working groups were structured really to reflect the phases that our projects go through from inception to ribbon cutting.

So our first committee was the overall

program planning and execution committee. That was chaired or co-chaired by Bill MINER who will be rep -- who will be presenting a bit later and Dan Hogan. Both of them will be representing.

Hold up your hands so everybody can approach you with specific questions that they have later.

Site selection was Patrick McNamara and Jason Dallara right over here. Programming was Brian Schmuecker. Project planning and development process was Nancy Wilkie. Design goals and standards Patrick Collins. Project construction Ed Daley, Ed, right. And operations and maintenance Ken Schroeder.

The steering committee again, I was the chair. We had our managing directors all of whom are at the table and who Adam introduced just a little while ago.

We also had Casey Jones here from GSA. I'll talk a little bit more about that relationship, but really has been key to this whole effort. That was

really a very important part of our efforts. GSA obviously has a well-known and widely respected Design Excellence Program.

Our external affairs, Christy Foushee and before her Jonathan Blithe were on the committee. And I think that covers it.

The chair of the working groups were also members of the steering committee so that they could inform the decisions that we were making at that level.

The recommendations of the working group were made to the steering committee late last year and early this year. And there were over 60 recommendations. There was really a huge effort that went into the conversations about the topics that they would focus on, what were the most important things that we should focus on in these early years to get the program moving forward. And, again, a lot of work done by the staff on those

committees, so we appreciate that very much.

What was interesting for me was that the process itself, I think aside from the recommendations, was an interesting one institutionally. I think we're all so busy with our day-to-day work that we rarely have the opportunity to step back and to consider where do we want this program to go, what do we like about what we're doing now, and what can we do better.

And we had that opportunity. And I think that there was heated debate at time -- at times, but one of the things that we found and that we've always known, but we all love building. We love building. We love our work. It matters to us. We have different points of view about how to go about that, how best to go about it. But in the end, we were of one mind that we wanted to continue to improve the program. Who wouldn't? So it's really been a wonderful process.

MR. NAMM: And if I can interrupt, this was a heck of a year. This has been a heck of a past year and a half, two years. Iraq, Afghanistan, Pakistan. I'm fond of saying this is not your father's or your mother's OBO.

You know, this is -- we have a lot of quote, unquote expeditionary projects in Iraq alone where the military is leaving. The military is leaving at the end of this year. And the State Department has been tasked and OBO specifically on the facilities side with standing up facilities in several different locations in Iraq.

So in a very tough year where all of us had many other things on their plates, Lydia and her crew have found the time to do this. And I think that really bears noticing.

MS. MUNIZ: I'm going to hand this over now to some of the chairs of the working groups so that they can highlight some of the recommendations that

were made. The folks who are going to be presenting are Bill Miner, Patrick Collins, and Dan Hogan.

Next slide.

Bill.

MR. MINER: Thanks, Lydia.

As Lydia said --

MR. NAMM: And, Bill, tell them who you are. Tell them what office you run at OBO. And every -- as we go around, everybody --

MR. MINER: Sure.

MR. NAMM: -- say what your day job is.

MR. MINER: Bill Miner.

MR. NAMM: Yeah.

MR. MINER: And day and night, I am the director of the Office of Design and Engineering in the directorate of the project development, coordination, and support. Work for Joe Toussaint, Lydia, and Adam, of course.

And as Lydia said, Dan Hogan and I chaired

the overall program planning and execution portion of that wheel. And it was not devoted to any particular phase of the work. It was really looking at the cross-cutting components of this and finding a way to actually implement the change.

It is a -- it was difficult because we had to start deliberations before we had any findings, any recommendations from the other subcommittees. However, in early discussions, we realized that to really walk the talk, to really change our culture, to move from a sort of an organization that was producing quality product in sort of a mass production mode that it was going to take a cultural shift.

And the first thing we decided was to sort of embrace the concept of teamwork that we've always had. We have project teams internally and are supported by the technical teams externally, many of whom are in the room, that are really regional experts. They've been assigned to a particular

region, a group of posts for a large portion of their professional career. They've traveled together to these locations. They've worked with many customers. They know them very, very well.

And we felt that it would be important to sort of confirm that they are our experts. They are the ones that can determine what fits with that culture, with that context, with those specific unique site requirements.

So they're also the ones that understand the best way to balance the conflicting requirements that we always have in our program. We have some very, very strong stakeholders and by their very nature, sometimes our security requirements, our fire protection requirements, our accessibility requirements, just bump heads.

And they were willing to and are continuing to negotiate and balance those requirements on a day-to-day basis. So having good teams and acknowledging

the teams we felt was very important from the outset.

We also think it's important to give those teams the right tools to do their work better than we have in the past. And we think that information technology and the new platforms that are available to us certainly in industry give us great new opportunities to communicate as a team real and virtually.

Many of you have worked in the Projnet system and know that we can have team meetings at any time we want through video chats, through e-mails, through -- and with face-to-face discussions.

So a part of where we're going to move with the Design Excellence Program is to be sure to communicate and collaborate the spirit of design excellence using those IT platforms.

We will develop a website. There's one that's already being pulled together now to sort of encourage design excellence, get feedback from our

stakeholders, feedback from our contractors, folks like you, and internally to find out how we're doing and what we can do better as we want to advance this philosophy.

There are new published materials that you'll see later. Some of you already have copies of some of the excellent brochures that we've put together to start to disseminate to professional associations, to the congressmen, to ambassadors, and to staff what we're talking about and what their role is in advancing the cause of design excellence.

Tomorrow there will be a town hall meeting at a church in Rosslyn, Virginia. It just happens to be a large space that we gather in when it's an all hands meeting, but the setting will be appropriate because we are talking about a culture change, perhaps a spiritual change.

(Laughter.)

MR. MINER: Finally, on this slide, you see

the notion of lessons learned. And Dick Shinnick who was acting director a few years ago used to call OBO a learning organization. And that is true and it continues to be a learning organization which means that we listen to our customers, we take feedback from stakeholders and contributors such as our contractors, and we try to really implement change.

And we have a standing group that's cross-disciplinary that meets and finds out what are the things that we publish, the information that we give our clients, our customers to really make changes as we proceed with our program.

So we think having lessons learned as a standing agenda item or having design excellence as a standing agenda item for the lessons group will be very, very important going forward so that they can keep track of how well we're progressing in this area.

Next slide.

One of the most controversial aspects of the

subcommittee work that Dan and I did together was to sort of sort out this bugaboo between design build and design bid build. And, you know, early on, there was a thought that, well, you know, if we just went back to design bid build, then we'd automatically achieve design excellence or we'd slow down the program because we wouldn't address sort of the opportunity of dual execution.

And I think the more we talked about it, the more we realized that using design build or design bid build, you can produce great and not so great architecture either way. You have to become ambidextrous. You have to use either one in a proper context and use it the way it's intended and to use it well.

We would like the team to have more input into whether a project initially goes one way or the other. There are certainly reasons why we might begin thinking a project might be design bid build versus

design build.

Some of the things that we sort of mapped out was high a profile project, a very large mission. Mexico City comes to mind. Beijing comes to mind. We would automatically think of that as probably a design bid build type of project and we would start that way unless the project team saw some special information along the way that would change the thinking.

On the other side, if we were very, very time critical in delivery or it was a very high-risk location, southern Sudan comes to mind, a project in Yuba that we're now working on, you'd probably think that that would probably start out as a design build and, in fact, that's our early thinking.

But we don't see either one as a default. We see both as effective tools in the right hand. Partnering with our designers, our builders and our design builders, we think that we can produce quality product.

We ultimately want the design to be made at a higher level in OBO. And I think in the last, I don't know, eight years, we had been in a default of design build. That decision really or that recommendation really was not taken to a higher level for further discussion and final determination at the appropriate level in our office.

Lydia has coined the phrase we're really looking for a third way and that third way is kind of hard to diagram. I'll describe it as a hybrid. There are various variations of it going on in industry. One is integrated project delivery. We've looked at that. We don't think it's exactly right for us.

But our variation on it is somewhere between some advanced bridging. Many of you know that we've been using bridging. We've been using it in a cursory way and then we've done some advanced bridging where we've taken the designs even further.

We have not done a lot of work in best value

and we've learned from GSA and others that that's something we really want to explore as part of this third way, this hybrid delivery method. So we're going to be looking at projects where best value and including some initial design delivery may be part of the decision making.

And then very recently Lydia had mentioned early contractor involvement and for a project like London, we're certainly going to look at that. And that's an opportunity to perhaps get the builder involved earlier on in the design bid build environment so that we get their lessons learned, their sanity check, their cost input as we proceed.

Now, one other group -- next slide -- is the site selection team. And the co-chairs are here on the far end, Jason Dallara, Patrick McNamara down there. And as Adam said, you know, one of the biggest problems in the Inman era was lack of sites. That is really a critical item.

And our planning and real estate office has done a fantastic job in the last ten years of getting way ahead of the curve, getting sites years and years in advance so that we could do the due diligence, close the deal, dispose of existing property, and have something available to proceed immediately.

In fact, if we have a site in hand, it is a candidate for being moved forward because it's that critical a requirement.

Some of the things that came out of their deliberations was a recognition from our customers that we may be building in the wrong places, that we're too remote from the operations that we have. And I see an ambassador here shaking his head and we saw other ambassadors shaking their fists at us. And, you know, you got to get back into town. You've got to look at urban sites, whatever it takes.

And sometimes it takes us being a little bit more flexible in the programming, building vertically

wherever we can instead of horizontally, looking at smaller sites, three to four acres instead of ten to fifteen acre sites.

And that group devised a way of focusing our search on certain tiers. Tier one is very close to the business district or diplomatic quarter. That would be the ideal location. Usually small sites, very expensive, sometimes not available at all, but that's where you start.

Then there's a second tier and you see in the diagram on the right, I think this was from the Mexico site search, that sort of blue zone where it's not ideal, but it's closer in. If you have transportation available, you can overcome some of the problems with the isolation.

And then a larger realm that you would go to, a third tier, if nothing else is available. And I think as you see in the Mexico example, we sort of stretched the blue zone a little bit over, but found a

site. It took a few years to really find that kind of opportunity.

We're also going to look at existing U.S. government owned properties. We already occupy sometimes the best site in town. And if we can find a way to work with the swing space and the site is of the right size and we have the right ownership of it, we're going to be looking at trying to retain some of those sites and developing them further.

One of the things that they helped us with in terms of walking the talk and integrating it into our practices was developing a site scoring tool. This is a check list, if you will, that we've had for many years, but early on the tool was sort of skewed against urban locations. It was always looking for flat, fairly remote, large sites and they scored the best. And that's what we ended up developing.

But now we've made some adjustments in that so that urban sites, in fact, get a little more of a

benefit. And, in fact, green sites that we can properly site our buildings and have some advantages in terms of energy and sustainable design also have some factors that play into the site selection.

So I hope I adequately explained the kind of work that you did, and I thank you for it.

I'm going to now pass off to our chief architect, Patrick Collins, who's going to talk about the work that they did in the design group.

MR. COLLINS: Thanks, Bill.

I'm Patrick Collins. I'm the chief of the Architectural Design Division. It's about 25 architects, professional architects, and a couple of landscape architects working to help manage the design process.

But in reality, it's the A&E community that develops the finite designs, the concepts, and delivers the designs for our products, our embassies.

And in order to really change the culture of

design, we need to take another look at how we select architects, based on what criteria, how we select them, and we've done a lot of great things in the past with very fine designers.

We have in some ways developed a reputation for going back to firms that have done a lot of work for us. And I'm sure that there are a lot of them here today. We're also interested in new talent. There's a lot of talent in the American A&E community and they need to be welcome into the fold as well as the strong firms that we work with currently.

So our question then is how do we interest firms in doing our work. We think that we do work in very exciting places around the world. It's a very challenging building type. But we also need firms that are quite capable at doing it.

We think the talent. We need talent of all kinds for entire teams, but we need strong leadership from the prime architectural firm.

So we have developed criteria which includes a range of leadership portfolio and strong engineering talent to back that up. And we need to rely on the portfolio of work of these firms and the teams working together.

And I'd like to emphasize that if A&Es are assembling groups of teams together, we really are interested in a holistic approach to who your technical subcontractors are, that they have worked with you before, that they're familiar with you, that they have a strong existing working relationship with firms.

We're interested in the built work as a gauge of what is a demonstration of what has been delivered in the past. The delivery of projects is crucial to us. The delivery of projects in far away places under difficult circumstances is complex. It's challenging. We need to find the right engineering solutions and we need an experienced team to do that.

Awards are important. They demonstrate consensus among the design and the engineering community. And we'll be looking at those as well. So we're very interested in looking towards finding the best of American talent.

Next slide, please.

Ultimately the designs are delivered by people, people working together, our people, our staff that Bill I think described very well, but working in concert with the A&E teams.

And there are a lot of methods that we have used in the past that we will continue to use, ideas such as on-site design charrettes where we get the team out in the field working together hands on, no distractions by things going on at the office, where you can go out and kick the dirt at the site, work with the post, work with the future users that will be occupying the embassy.

We have a unique problem when we design

embassies in that the people that we talk to when we go out to an embassy will not be there for the most part, the American staff that is. They won't be there when the -- once the project is designed and constructed.

So we speak in effect to their surrogates who are very articulate about telling us about why they feel strongly about an approach to the design. But we need to filter that and help the A&E team integrate that.

We're looking at a peer process. We're thinking of a peer review process. We have not developed this as a mature concept to roll out to you today. But I think the one word that we want to convey is that we see it as a very diverse idea and that we want the best talent from a wide range of inputs.

Next slide.

There are a lot of goals that we've talked

about in the process of concocting design excellence. And you'll see a few things that we keep coming back to that become thematic. And they seem to be fundamental to not just the design of buildings but I think importantly how people use them.

Flexibility is a word that we can't use too often. It has to do with the way we use the space today at the outset, but it also has to do with the way we might use the embassy 50 years hence so that differing modes of work are incorporated into the ideas, the platform, the armiger of the embassy that will allow us to adapt to the future.

We've seen in the last 20 years drastic changes in the way in which people use the workplace and this will no doubt continue. So flexibility is critical to how we think of these buildings.

Other issues, there are a lot of issues here on the slide, but I'd like to touch on art because this is one of the things that really connects people

to the cultural piece in an embassy where we can integrate American artists, local artists, show the best of both cultures and how they intersect.

And it also speaks to the fact that an embassy is really a social setting. Yes, there's working that goes on there, but it's about the connection of people, ideas, and -- which comes back again to flexibility because it -- we want to create a framework so that people can cross paths, meet, discuss, carry on with their business in a manner which is open and adaptable to a wide range of working styles.

Another theme that we've talked about a lot and I'll come back to it in talking about sustainability is the life cycle nature of our thinking about design for future embassies.

Life cycle costing is one way of looking at this because it's not just about the initial cost of an embassy. It's -- which is probably three percent

over the life of the building if you look at the overall costs of a building and then you look at the energy costs, the maintenance costs, the salary costs, the upkeep of the entire operation.

And we look at our funding from Congress and immediately we look at, well, how much do we have to spend on construction. Well, the implications of that are huge.

And we need to look at life cycle costing in terms of energy, in terms of maintainability, and in terms of how we create a fully functional working environment which is a dry way of saying an exciting, creative place where people can get the best work done.

And in short, the design needs to stand the test of time. And we mean that from a representational perspective as well so that the embassy when built and when placed in the public space really represents the presence of the United States in

these foreign places. So it has to show well, but it also has to perform well.

Next slide.

One of the aspects that we've looked into recently, and I think there's a presentation this afternoon which goes into this further, is really how an embassy is perceived by the public from the street through the wall or fence and how can we look at new ways of making our compounds secure and attractive without putting security in people's faces and making a statement about security in quite so public a way.

So we're working very hard. There's an example at the bottom of looking at different ways of achieving this. But we also have a whole series of technical issues and design problems such as windows and doors which need to be -- meet blast and forced entry requirements.

These are difficult things to integrate into excellent architecture. And we need to develop much

better, finer, more refined designs for these elements. And they tend to be costly, so we need to get them right in all of their aspects.

Next slide, please.

Sustainability is one place I think where we've learned that diversity of thinking about design is essential to coming back to meet our life cycle goals, our energy goals, maintainability goals so that all in, the embassy really can last.

Currently we are looking at LEED Silver as our benchmark, our standard. Quite frankly, the federal mandates go quite a bit further than LEED Silver.

We're looking in the future because of public law and executive orders that by 2015, we need to again reduce our energy by seven and a half percent and thirty percent by 2020.

We need to be designing to net zero. And by 2030, we have a mandate to reduce our energy

consumption by a hundred percent. So you ask how that's done. It's not an easy thing.

And if we don't start doing it soon, if we don't take those first few steps, if we don't move in those directions, we're not going to get there. And so I think we need to keep our sites focused on what our mandates are for the future.

MR. NAMM: I'd like to say, if I can interrupt, Patrick, we did get LEED Gold last year in Brazzaville, Brazzaville, Congo of all places. Our new --

MR. COLLINS: Right.

MR. NAMM: -- embassy compound got LEED Gold. London we hope to get LEED Platinum. So we're --

MR. COLLINS: And London is actually going to go quite a bit further. It will be LEED Platinum, BREEM outstanding, and we are hoping, we're very close, we're working very hard so that it becomes net

zero carbon. So this is a big topic and a very exciting one for us.

But I need to turn it over to Dan Hogan who will talk a little bit about construction.

MR. HOGAN: Thanks. Thanks, Pat.

I'm Dan Hogan. I'm the director of the Office of Construction Management here at OBO.

We've heard Pat and Bill and Lydia describe some very impressive vision of design excellence, something very good for our program obviously. But to get from the theoretical, from the design excellence concepts on paper and a computer, we need to realize that design excellence vision in reality, actual facilities. And to get there, you need construction excellence as well.

We believe that we've done some good work in the last ten years. Seventy-eight projects in a decade is something that we're quite proud of. We think our construction program is fairly solid.

However, we do know, as Adam had mentioned and Lydia had mentioned, that we can do better. And one way that we think that we can do better is improve our contractor selection.

To achieve construction excellence, our feeling is that the most important factor is having excellent contractors. We're very pleased with a number of our contractors that have helped us with the first 78 projects. We want to retain those top performers.

We want to continue to attract new excellent contractors to the program. We've recently instituted a -- what we refer to as an OBO 101 Program where when we meet promising contractors that are interested in our program, we invite them in and spend a day giving them a tutorial on how we do our work, you know, about our program, and how to hopefully effectively bid our projects.

Something that's new and just underway now

is we're introducing also what we hope is enhanced accountability to the program. We've shifted over to the Department of Defense's contractor -- construction contractor appraisal support system. It's a large database, much more user friendly, something that we believe that we can use much more effectively to evaluate our contractors within the program and have that feedback go back into the pre-qualification process and also to take feedback from their performance on other federal projects.

We think it's an important change. We've got -- I think we've got all of our active projects in the system now. We've already started to feedback some interim and I think some final evaluations to contractors within the system. So we're hopeful that that will help us.

Another important initiative that's come out of this design excellence effort is we want to shift the focus of the basis of our contract awards from low

cost, low first cost into a best value focus. That's a big change, although we've done some of that in the past successfully and we know that the GSA has been successful with best value. Other federal agencies have done well with it.

We want to move in that direction and we want to focus on past performance and team qualifications along with some other factors. And perhaps most importantly is life cycle cost. Our new embassies are very expensive to operate and maintain and we need to get that under better control perhaps.

When I talk about best value, I'm talking about both design build and design bid build projects.

Another -- this is a very new thing for us. It's early contractor involvement. I know we're going to have a presentation this afternoon on some of the details of that along with best value.

The way we envision it is essentially awarding a construction contract at about the 35

percent design phase on a design bid build project. We would award with a guaranteed maximum price. There's going to be the construct -- or the design phase costs and then at the completion of the design, there would be a negotiated or there's an opportunity for the agreement to stop at that point where we could take it and bid it out as a design bid build project, but hopefully we would continue on with that same contractor through the construction of the project.

We view that as a significant help in making sure our design bid build projects stay within budget. We also want to bring in all that expertise from our contractors earlier on in the project.

Really we want to emphasize in all of these points the team approach to either a design build or design bid build project. We want to strengthen the role of the architect in the design build relationship and we think that the best value approach will help us do that.

We want to strengthen the role of the contractor in the design phase of a design bid build project and we think that the early contractor involvement will help us get there.

We want to attract the best contractors we can and we want to do a better job holding our contractors accountable for their performance when it's not so great.

Now, similar to bringing the contractors in earlier in the design phase, we want -- as part of this effort, we want to increase the involvement of our facility managers and their staff in the design phase of the projects.

Here and there through the program, we've had some mistakes made that we think that had we had more involvement from the facility managers earlier on, we could have avoided them.

Installing a brand of generators in a country that can't support the service or maintenance

of the generators is a mistake, but the facility manager brings that perspective. We think that will help.

Also, something very new is the use of a reference guide. This is in addition to the O&M manuals, the operations and maintenance manuals. We typically on an embassy project, we'll turn over a wall full of manuals, very technical and very thorough. But to me, it's sort of like the thick reference book that you get with a new computer. We want to have one of those, what we call a quick reference guide that most people would use.

Certainly that's how I operate my computer. I don't go to the big one. I go to the smaller ones. And this means some -- it's something that people can use beyond the facility management staff. Management personnel at posts can understand what's expected to operate the facility as well.

I think with that -- I might add one point.

We -- you know, with the 78 projects over the last ten years, we really believe that we've had a successful program. It's really I think remarkable. We're very proud of it.

We're sort of at the pinnacle of our success. Adam mentioned perhaps 15 new facilities this year. You would think that we'd be able to just continue on and continue to succeed.

But with Lydia's fresh perspective and the design excellence effort, it's really -- the pinnacle of your success I think is when you really need to look hard at things. I just want to express my appreciation for Lydia's effort in the process.

MS. MUNIZ: Thank you.

Next slide -- no. This slide actually.

So in addition to all of the work of the working groups and the many recommendations that they provided, we're also developing a new line of what I'll call products and revising some existing

products. And that's really going to set us on a clear path for achieving our new design excellence goals.

The first of those products is going to be what we're calling a guide to design excellence. I think in some ways, for those of you who might be familiar with the policies and procedures GSA guide, I think it will follow to a certain degree in its footsteps.

What it's really going to be is an overview, an overarching perspective of the different programs, processes within OBO. It will be easily accessible. It will be at a higher level so that anybody interested in the program, whether it's folks who are working within OBO and figuring out what we expect them to do in any phase of a project, whether it's contractors that we're working with, it's going to be an easy reference to figure out exactly what our process is and how is it that we're going to achieve

design excellence.

And there will also be links or references in this document that can get you to the much more detailed materials that some of our folks need to work with.

This is going to be coming this summer. We hope to have it out by July. That's our goal. And we will have it on line. On the website, there will be a design excellence link, but really our whole website is going to be redone. And the document will also have those links electronically, of course, to more detailed documents that folks might need.

Next slide.

We are also going to be revising the AEDG, the architectural and engineering design guidelines. Our new book is going to be called Standards for Design Excellence.

We talked a lot internally about what would go in such a volume and we realized that it's really

all of our requirements, but they go from softer requirements to hard requirements.

So we'll have everything in the standards from the guiding principles, which we want to always remind folks who work for us about, that those are the goals that they should be striving for, but it will have everything from basic program requirements, how large are offices, how are our consular sections set up.

It will also go into the more rigid or the firmer guidance from diplomatic security, from fire, any life safety regulations. So it will really be the whole compendium of requirements for our projects easily accessible in one place.

We're going to release that early 2012. And, again, this will be available electronically as well to folks who are working on our projects.

Another important point that I missed on the last slide, sorry, was that we're also going to

outline what are best practices, high performance, best practices that we've seen work. I think that the approach is going to be less rigid than it has been, but we want to highlight what has worked for us and continue to use those solutions or solutions modeled on that.

Next slide. Thank you.

We are also taking a page from the GSA book. We've learned so much from them. Are going to be producing monographs of significant projects that are done in the spirit of design excellence.

This is something that GSA has done for some time. I think it's something that reminds us all that if we're going to be publishing our work, it had better be our best work.

And I think it's also something that's important for OBO to have to talk about its work, but for posts as well. I mean, I think that the embassy and when new embassies open or major rehabilitations

of existing embassies take place in the field from the ambassador to the entire staff are very proud of the facility.

It's nice to have something to talk about the design and the work that went into that design to include the art collection which are wonderful in many of our facilities. So that's something we're looking forward to.

Next slide.

We will again borrowing from the GSA play book and have OBO design awards. So we'll have a Design Excellence Awards Program. It will recognize work commissioned by OBO in a number of different areas such as urbanism, architecture, landscape architecture, interior design, art, engineering, preservation, and construction craftsmanship.

We'll have a public ceremony in order to recognize those folks who have done excellent work for OBO.

Next slide.

An action plan, I think as we were wrapping up some of our last steering committee and working group meetings, everybody said, you know, institutions do this regularly. And the biggest risk is that you relax after this enormous effort and forget to make sure that we're implementing all of the recommendations that we've laid out there and that we neglect to make good on our plans.

So I think I'd like to start with a point that to a certain degree implementation has already begun. I mean, I think that as we've talked about these concepts, we've done more in our existing projects, again whether they be design bid build or design build, to make sure that we're pushing the envelope in terms of design excellence.

But we need to get word out there and we need an action plan. Part of this is going to be getting word out, public and industry outreach. This

is really the first forum for that type of outreach.

But we have an AGC meeting I believe next week, next week or later this week. We have an AIA conference in New Orleans later this month which will be a wonderful opportunity, or mid May, rather, wonderful opportunity to get the word out.

But most importantly internally, we would like to put together an implementation committee that's going to really ensure that we are doing what we should be doing, that we're adopting the recommendations that we've made in order to improve our own performance and to support adoption of new practices.

I think it will be a place where obviously along the way we're going to run into implementation problems, things that don't go quite smoothly, and we'll need a forum to talk amongst colleagues to figure out how do we work through this, how do we make the best adjustments and develop the best policies to

support our program.

We would also like to use this forum, the IAP, to periodically report on our progress. We meet every six months. And I think it's just a great forum for us to let you know every six months at least for the next eighteen months, two years what have we achieved, what have done, report back on our program. I think it will be a good thing for us, but it will be good for you. It will keep us honest and make sure that we really have some accomplishments to report.

And we would ask also for recommendations from the IAP and for your advocacy to the degree that you support the program. I mean, I think that's something that is invaluable to us, but you'll be watching our program from the outside.

So I think that any time that you're hearing something, that you see something that may not be working the way you -- we intend or if you have recommendations, things that we haven't thought of, I

think that's really something that we would look to you to provide us.

Next slide.

Before we close, I really wanted to talk about our partnership with GSA. It's been an incredibly successful partnership.

I want to thank Casey Jones who is the director of the Design Excellence and Arts Program at GSA who was a member of our steering committee.

GSA's program was established I believe over 15, 16 years ago now. It's a well-respected program. It's a well-known program. It was referred to many stakeholders and interested parties to us as really the standard to match. I think in government, there's no need to reinvent the wheel.

I think in some ways, we're very different organizations. GSA's work is in the United States. Ours is in the far flung corners of the world. But there was still a lot about the GSA program that we

could learn from and that we could establish a relationship where we can continue a dialogue from the staff level up to the leadership level as we sort of work through this program.

So it's really been invaluable and we look forward to continued collaboration.

Before closing, I'd like to hand this over to Casey. Again, many of you know the GSA program, so I thought you'd appreciate hearing Casey's perspective of our program through the lens of the existing GSA program. And I think he alone is qualified to opine on that.

So, Casey, thanks again for your contribution to this whole process.

MR. JONES: Thank you.

As Lydia said, my name is Casey Jones. I'm the director of Design Excellence and the Arts at the General Services Administration.

Our agency is responsible for housing the

non-military domestic federal workforce and as such, we are responsible for such a range of buildings as courthouses, border stations, federal buildings and agency headquarters.

I really want to compliment and congratulate the State Department and the OBO in this effort. It has been a truly exemplary undertaking. I am amazed.

Lydia mentioned that our program was established 15, 16 years ago and I can attest that it was a very incremental process. And I am just in awe of the fact that in 12 short months, they've been able to really mobilize, analyze, and put together what I think it is a very solid framework moving forward.

And I think their unit of purpose has been remarkable. And I look forward to continued collaboration.

MR. NAMM: Thanks, Casey. Appreciate those words.

We're going to open it up --

MS. MUNIZ: Yes.

MR. NAMM: -- for questions, comments, please, on our presentation and then we'll go to the panel for design excellence studies from each of the members. Questions, comments, please?

Please, Jim.

MR. KENNY: Hi. Jim Kenny.

One, I think you have one of the most exciting and I would say fun jobs in the U.S. government. Okay.

MR. NAMM: Thank you.

MR. KENNY: And I mean that by your offices over there, what you try to do. You have a lot to have input than the normal project that might be built in the United States. And I commend you for the efforts that you're trying to do.

It's -- one, it's an extremely difficult task to in today's world design a welcoming building which is what we need to do for the diplomacy part of

our jobs, but then again have a secure building. And I know the constraints you're under in the sites. So you have I'd say a herculean task of trying to please everybody and all the things.

The one thing that I ran into in my time here was that the existing government you're in can be a big help to your process and a big help to what you're trying to do. And I think that winning them over because the -- even the, as you mentioned, the location is probably the most important thing in that country. We are the leader in that country and where you locate that embassy is extremely important for the host country.

And I think they can help you financially on that quest and I think it's an avenue that you shouldn't pass up, to get their input and ask them to financially participate in this as to what you do. And I think that could be a success to help you get some of these projects more funded.

So that's my only comment. I applaud you for what you're doing and I think it's -- you've done some great work.

MR. NAMM: Yeah. Thank you.

Let me say, too, that we do get very good support from many host governments, some unfortunately not so much. But from many host governments, we do get support including sites. And in certain cases, we have been given sites which is, of course, a big leg up toward building buildings.

So we count on host government support both in the design and construction phase and then, of course, after the embassy is built. And we've gotten that from many.

Let me also say that this program has gotten -- this design and excellence initiative has gotten great support from up my chain at the State Department including from Secretary Clinton whom I briefed a couple of times on what we're doing and great support

from the secretary on down.

Other questions, comments?

Please, Greg.

MR. GIDEZ: Well, I'd like to commend you on your approach because it's awareness of the bigger picture, that it's the full package. It's not just about the aesthetics of the project, but it's an all encompassing holistic approach that looks far down the road, you know, down to the operation and maintenance, how do you get the right light bulbs or the right chillers. That is a big -- that's the big picture view and that's a much, much better approach than the short term.

I also commend you on the monograph, too, because that reflects the aesthetics aspect of it and allows that to show industry that it can be done, that it can have that -- it can have everything soup to nuts. Thinking about the operations, security, all those things in one package is a much better approach.

MR. NAMM: Please, Scott.

MR. MULDAVIN: As we know, having a high performance building requires the occupants to be sort of involved in making it high performance.

And I'm wondering, you have talked about stakeholders, how you involve stakeholders from the bottom up in this development process, particularly given the 12 month or the compressed time frame.

MS. MUNIZ: Let me start that. I think -- I'm not sure what you mean by that 12 month time frame, but I think as we approach the Design Excellence Program, we realize that we're going to have to look at our program. In other words, we know which years in which we have to award certain projects.

And we have to back up from that point and start designing our projects, start working on our projects far in advance. So I think 12 months is not necessarily the time that we have to dedicate to this.

I think we're going to need to outline a new process that makes sure that all of us -- I mean, I think we have great project managers. I think we have good teams. But we need to make sure that everybody understands from the very beginning that we need to start the conversation I think with posts really, with folks who occupy these buildings.

As -- I forget now who mentioned. I think it might have been Patrick. We often work with folks at any given post who will then move on. They're on a two-year assignment or a three-year assignment. But all of them have worked in embassy or consulate facilities. They know what it's like. They know it's important.

So I think part of that is going to be going on site, working with folks who are there, understanding what the community is like, understanding what the environment is like.

But I think frankly part of it is we're

going to have to think about the type of innovation that we need in our designs. I think that we're all comfortable working in ways that are more traditional, you know, the closed office. Nobody ever wants to give up the closed office or the -- you know, sort of the more traditional way of working.

And I think the State Department is really no exception and in many ways, I think we're years behind where private industry is in this respect. And so I think it's going to take leadership at OBO and at the State Department to really get people thinking about how they can work, how you can work more flexibly, how you can work more efficiently.

So I think the stakeholders, obviously posts, I think we need to make sure that we're working as soon as we can with the A&E and with the contractors working on the process regardless of whether it's design bid build or design build.

And I think obviously we have all our own

internal disciplines that we need to get on board very early and we need to make those folks understand that they're part of the team, they're part of the outcome, and they need to be invested.

I think it's a different approach than people sort of running in at the last minute saying you forgot to put this thing in. I mean, we don't get great design by including something as an afterthought. It's really got to be people sitting around the table looking at all their requirements, making sure they're known, and coming up with an integrated solution to all those.

MR. NAMM: Let me talk about one, if I could --

MS. MUNIZ: Yes.

MR. NAMM: -- one specific aspect of this, sustainability. I get beaten up from time to time. It's a fun job, Jim, but I do get -- maybe that's part of the fun is getting beaten up. I don't know.

But I get beaten up by the regional bureaus, that is the geographic bureaus in the State Department, the Bureau of European Affairs, the Bureau of African Affairs, et cetera. And I get beaten up because we build these wonderful new buildings which are the correct size, we've built them according to the right size number, we have an Office of Right Sizing that looks at such numbers, and they're secure and they're better looking than what they had and they're safer, et cetera, but they cost a lot of money to maintain.

And although OBO pays to repair the chiller if it breaks, the post and the regional bureau, the money comes from -- the regional bureau funds utilities. And so great, I've got a new building, but I don't have enough money to air condition the thing.

And this has been an issue and this is part of the dynamic tension that exists within the State Department. And obviously there's dynamic tension

within any bureaucracy. But we have got to do a better job of responding to those very real concerns, especially in the budget environment that we're in.

So that's one example of where, yes, we have to and we are I think listening to stakeholders. The reality is they are expensive buildings to maintain because they meet all the standards. And when you put in all of these sophisticated systems and you have essentially a hermetically sealed building, which it has to be to meet security standards, it's going to be an expensive building to maintain. And that's even more reason to look at sustainability and look at some of the other things that we're looking at.

Please, Dan.

MR. HOGAN: I heard you say high performance and I immediately thought of building automation systems. And it's been a real challenge for us around the world. You know, we build very complex buildings in very undeveloped countries in some cases.

One of the things that we've been working on over the last two years, I guess, it's been difficult for us because of the security issues involved, is the remote monitoring of the building automation systems.

We now have at three posts I think and we're working on the next round where we can get in there and actually see what that chiller is doing at a particular moment in time real time. I mean, it's not a data intensive information exchange, but it's something that we've had a lot of trouble with.

Overseas a lot of the buildings have not been operating at their optimal levels because the folks there just aren't trained and can't be really trained well enough to use these very sophisticated automation systems.

MR. NAMM: Any other comments or we'll shift to -- please, go ahead, Greg.

MR. GIDEZ: Good point there. One thing I would ask -- well, first of all, going back to the

high performance building, it's going to require an education of the users of the building in order to get that high performance. You don't get high performance just by getting a plaque on the wall. And so it requires an education and it requires feedback from the users to maximize that.

For instance, icons on your desktop or your dashboard that tell you when you're peaking at your energy so they can turn off the space heater under their desk and bring it down.

But also getting that data back, you talked about, you know, lessons learned, but getting that back into industry so that we can learn from your experiences, to share that -- those results so that we can take advantage of that and maximize the next building to do even better --

MR. NAMM: Yes.

MR. GIDEZ: -- would be very helpful.

MR. NAMM: Yeah. And we are putting -- we

do put U.S. facility managers at each one of our new buildings. We are now requiring that all incoming facility managers either have an engineering degree or facilities management degree.

Dan is absolutely right. We've got -- you know, I was in one country and the -- a developing country and they said about the embassy it looks like the spaceship has landed, you know, that this is such a sophisticated building that has landed in the middle of this country.

And we have got to make sure they are sophisticated buildings with sophisticated systems. Being able to remotely monitor is one answer, but trained people on the ground, that's a big part of it, both the facilities manager as well as the locals.

And that's another area. It's the -- through something called the ICASS system which is a cost sharing -- it's an international cost sharing system. It's the posts and the other agencies. So

both the State Department, regional bureaus, and the other agencies that fund the salaries of the local facilities management staffs.

Money is tight. Sometimes they can't hire as many electricians as we'd like them to hire. And it's -- again, we keep pushing and we want -- an educated consumer is our best customer was a clothing store's slogan. And we want educated consumers because we think once people understand what it takes to maintain a building, we're more likely to get the resources to maintain that building.

Please, Carlo.

MR. COLELLA: Yeah. I just wanted to encourage -- I think something Lydia just talked about, about the role of the -- the leadership of your project management staff. I don't know how you're structured exactly. I think Dan said earlier in the design bid build process trying to get early contractor involvement and leadership and the design

build process to get the designer to exhibit more leadership.

But I think underscoring all of this and to represent the interests that are not always in the room at the same time, the -- I'd really encourage you to look at your own project management operation, their skills, their leadership because it's an important part of delivering a successful project.

You know your business very well and I'd just encourage -- I hadn't heard a lot about that up until just recently, but I just wanted to sort of encourage you to keep thinking about that.

MS. MUNIZ: I think I'd just like to respond. We've talked a lot about this in this process because in our sense, the team, the project team is really the key of delivering a great product.

We have sort of an interesting structure. Because we do -- because all of our projects are overseas, the majority of our -- what we call our

project directors in the field are Foreign Service. And our project managers are those who develop the projects on the ground in Washington before they go out for construction.

What we realized and as many of you know, in industry, there tends to be one project manager cradle to grave that takes it through development but also construction. We realized that what we need to do is link up somebody from construction who is either going to be the project executive or the project director in the field with the project manager in Washington and we need to make sure those folks are working very closely together.

And rather than having somebody sort of own the project up to a certain point and then toss it over some kind of a wall to somebody else who implements, that it's really more of a handing over of the baton, but it's really a relay team and every member of the team needs to at every moment know where

his or her team members are and what they're doing and what the strategy is.

So we see that as a really critical component. Again, our teams -- the core members of our team, the way we talked about it was project management, project director, so on the construction side and architecture.

But we also have any number of disciplines that we need to make sure are part of the process from the very beginning, again operations and maintenance, all of, you know, fire, life safety, diplomatic security.

But we also sort of wanted to grow that and think about how do we begin to work with our contractors, construction contractors and A&E folks to have them to be a part of that same team working to solve problems together, again rather than in a classic design bid build model where you have the AE sort of working on their own, the contractor coming in

at the end and saying you can't really build that or in this environment, it's going to be impossible.

We need to have those conversations up front and be part of a team all equally invested in a successful outcome. So I think it's a great point and it's really a key part of the organizational shift in investment that we want to make in that team building and project management and project execution.

Thanks.

MR. NAMM: Okay. Thank you.

And let me -- let us move on now. We're a little passed eleven and we are going to have a series of five minute presentations from all but one member of the IAP.

Jeff, I understand the presentation didn't make it, okay, which is fine.

And Christy, I have these in order the way they're queued up on the computer, so we're going to start with Greg Gidez from DBIA.

Greg, please.

MR. GIDEZ: Okay. Back when I was in architecture school, we talked about design excellence back in the early '80s and this is what it was told to me.

Hit the next slide or hit the next button.

It was Vitruvius' definition of what design excellence was. And I -- my Latin is terrible, so I'll translate to the firmness, commodity, and delight. And that was also the first thing I learned when I went to my first AIA conference.

The firmness, the building has got to stand up. It's got to provide the function. It's got to protect the occupants within the commodity. A lot of what you talked about, it's got to serve the purpose of the function of the building, whether it's a marketplace or whether it's a hospital or whatever. It's got to fulfill that requirement.

And then the delight part that we all want

is that aesthetics and that, you know, that wonderful feeling you get when you see a good building. So if you meet all three, then I think you've achieved design excellence.

Next, hit the button.

And then I think what you have explained so succinctly here is that it's -- the OBO sees a holistic approach to this which embodies all those principles of the firmness, the commodity, and delight. The engineering, the architecture, the maintenance, the high performance, all those things are encompassed in there.

Okay. Next.

This is a project that I worked on a few years ago and I thought that this embodied that concept of the OBO's excellence because it incorporated a lot of those things that had to do with not only providing an open and airy building that was inviting but also had the issues of security.

This is the San Jose International Airport. It was done on a very tight site, a very linear site, and it needed to embody a lot of things such as the high performance, energy efficiency, and the art program.

So down on the left, that little thumbnail is a picture of the garage.

No. You can keep going. That's good.

So, again, incorporating art and architecture, the whole parking garage is one big montage of hands that are done in a screening, light and airy, a lot of art incorporated in the interior of the building, obviously a very high tech building, but it also has to be open and inviting to the users, but it has behind the walls on the air side a very technical and very operational and -- requirement.

So it sort of embodied all those aspects of what I think the State Department looks for in design excellence. It has the -- it was selected under best

value qualification base source selection, so we did not compete on the design or the construction or the price. They -- we competed. The best team wins. And that's how it was selected.

It also -- the ability to work with the owner and the designers, the engineers, and the users, all the different airports allowed us to deliver it early as well as save tens of millions of dollars off the budget. And it is the most highly technologically advanced airport in the nation. That will last about a month or two until the next one comes along.

Fentress Architects out of Denver was the architects and Hensel Phelps out of San Jose was the contractor. And one of the things that really made this project work well was the ability to develop a team through both partnering, but the formal partnering only got you so far.

It was the ability to build the team by using techniques such as lawn darts, croquet, dunk the

manager in the dunk tank that really built the team and got that sort of integrated holistic approach.

MR. NAMM: Great. Thanks very much.

Any -- we can take one question or comment per presentation.

MR. TOUSSAINT: Quick.

MR. NAMM: Please, Joe.

MR. TOUSSAINT: Was the selection made on the basis of the designed product as well or was it the team?

MR. GIDEZ: It was the team. They had spent seven years developing their design concepts of what the airport should be. We competed as a team. And they selected the team.

And the first thing we did was told them that their seven-year study to get to where they needed to be was not the right approach. And they kicked and screamed for about six months and literally they said this building, we have to build a temporary

building here and knock this building down first and that building down last.

And we said no because of the flow of traffic and the movement of airplanes. We need to knock this building down first, leave the existing building till last and not build a temporary building. And so by changing their thought processes, we brought a better approach to it.

So it was all about the qualifications of the team and bringing the right people, putting them on the bus, and getting them in the right seat which was the success.

And I'll say that there were some wrong people on there and that's why the school bus has a back door. You get the ones that aren't part of the team off the bus and you get team players back on there.

MR. NAMM: Okay. Thank you, Greg.

We're going to move to Scott Muldavin now.

MR. MULDAVIN: Thanks.

You can move to the next slide.

To me, excellent design -- so we are posed this question, what does excellent design mean to us. And excellent design to me means that he has to perform across all the different measures of performance.

And so since I only got one slide, I made it a power packed one. But let me just mention how this slide came to be. And I started my work with the Green Building Finance Consortium. I'm basically a finance and investment guy. And people with money, when you ask about -- I hate case studies. I don't, you know, I don't like things like that. What I want them to know is what didn't work.

So we did a very detailed -- went and talked to 30 or 40 of the top architects, engineers, developers, and others who developed and asked them what did not work, what has failed. It was called our

failure and under-performance projects. And nobody would talk to us because they wouldn't want to be associated with failure and under-performance. So we changed the title.

But what was interesting is that people would say things -- if you just asked them, they'd say, well, the energy modeling didn't work. We didn't do our integrated design right. We didn't get our contracts done correctly to match them up. All these process things they would mention, services capacity, a very important one obviously, measurement and verification, and the training occupants and staff.

That was the nature of my question a moment ago is that in order to have a high performance building, you actually got to train the occupants and the staff, or they would say things on the feature performance or a feature of system performance is you hear all the time about the newspaper is up because they didn't have the day lighting consultant in that

knew what he was doing or the membrane on the green roof. There was lots of these kinds of things.

And it's really important to balance -- again, a high performance or an excellent design is one where you have to balance technology and actually technology obsolescence.

Like when Obama I think said recently I want -- in ten years, I want solar energy to be one-tenth of cost to produce today and we're going to make this happen. To me as a guy with money, I'm saying, oh, my God, maybe I should stop that million dollar investment I'm doing this year because in a few years, it's going to be only worth half a million.

And so there's lots of issues with technology and the features and systems. And I think getting the right balance, particularly when you start going to net zero energy concepts, is very, very difficult.

Building performance, key one is occupant

performance. In fact, this whole thing is a 200 page part of my book. And you can go and look at it. But at a building level, are the occupants satisfied, measuring health and productivity. If you want to have a high performance building, it's not just operating costs. It's is it actually delivering on some of these things.

And if you want to know these things, you actually have to ask and figure out, measuring things that you don't always measure.

Flexibility and adaptability, I am super happy when I read the design guidelines about the focus on that. In the private sector, that is by far the most important issue in the corporate real estate world and has been for a number of years now. And it's particularly important even for the Department of State.

Market performance, again, this would be, and financial performance, these are issues that are

particularly key when you're trying to get people to buy the space and satisfy regulators and satisfy investors, but even for the Department of State as a public entity, you have enterprise value.

All of the design guidelines that you lay out, a lot of them are just sort of things at the enterprise level we want to -- the diplomatic function, all the other the things you're trying to do. And we'll talk a bit more about it in a little while when we talk about life cycle cost. If you want to have a building, you have to think about -- in detail about these kinds of things.

So, again, so excellent design for me means hitting on all of these different performance measures and doing the balancing act in a way that makes the most sense.

MR. NAMM: Thank you.

Question, comment?

(Whereupon, there was no response.)

MR. NAMM: Okay. Thanks, Scott.

Next we'll move to Carlo Colella from Construction Owners Association of America.

MR. COLELLA: Thank you.

When we were preparing, we were talking about design excellence, early contractor involvement, best value. So what I did here, and I don't know if I'm going to run through the entire set or just the two, so this -- I picked an example project here that we recently completed at the University of Maryland that I think embodies many of the values we talked about with design excellence.

This is the new home for the Merrill School of Journalism at the University of Maryland. And it was a design bid build, but with a construction management risk approach.

And if you can go to the next slide.

I'll tell you a little bit about it. It's about a 53,000 square foot facility, high tech

classrooms, multi media labs, et cetera. It is recognized by the Maryland AIA as a design award winner. Listed the project team there, so the design architect, Grimm & Parker with associate architect Pearce, Brinkley, Cease and Lee.

The construction manager was brought on board right after a designer was selected, so really started from the beginning working collaboratively with the project management by the University.

Can I just go to the next one real quick.

MS. FOUSHEE: I think so.

MR. COLELLA: Oh, okay. Never mind. That's -- we'll get into that in some detail this afternoon when we talk about the early contractor involvement and best value practices.

This was a LEED Gold certified --

MR. NAMM: LEED Gold.

MR. COLELLA: -- building, by the way.

MR. NAMM: Okay. Any question or comment

for Carlo?

(Whereupon, there was no response.)

MR. NAMM: Thank you.

And I'm going -- my brain sometimes works a little slowly. Scott, the adaptability issue, the comment I'd like to go back and make is embassies are growing. Many embassies are growing like crazy. And that's because of a renewed focus on U.S. Agency for International Development programs, other programs.

And we've run out of room. And when we have inflexible space, we run out of room more quickly. And so adaptability is one of the things that's most key to me and to others.

Okay. We'll go to --

MR. COLELLA: Can I just make a little comment on that?

MR. NAMM: Please, yeah.

MR. COLELLA: I also did just a little work on your Build to Lease Program. There were some

issues related to sustainability. And there's a program where you have a nine-year lease for a building that actually has to be flexible because it may actually go back to the private world after nine years. And you guys have a lot of residential properties beyond the embassies. And so these concepts are important throughout your portfolio.

MR. NAMM: Yes. Thank you.

Okay. Jim Kenny is up next from Construction Industry Round Table.

Jim.

MR. KENNY: Yes. This was a project I was involved in and took a great part of my life. And we were in a joint venture with two other contractors from the Midwest in this project.

The owner of the project ended up being the Chicago Bears who invested well over 200 million into the project. Why I say that, the city of Chicago owns the property it sits on and the existing buildings

around it. And the Bears basically own it for ten games a year.

So the only way to get a project like this accomplished and done in the time we had was to cut through a lot of the typical bureaucracy that might occur in a project like this and actually that worked very well where we had an owner that explained to the city that we'd have to have a special person in their department to approve all drawings, permits, et cetera. And that worked fabulously well.

But to get through the whole concept of how you measure a successful project and what we had, we put a team together that had a goal. And we all built this and we put the team together of the people that would be on this project. And all three companies put members on this.

The design ended up -- was supposed to be accomplished before we started. It was not. And so this was ended up really as a design build as we

almost went. And this is what turned it into a unbelievable race.

Our incentive in the entire thing to put a team together and have one goal was a $5 million penalty for every game we missed. And that was our -- really the financial incentive that helped this project go.

But in the meantime, it was a fun project. And to put a team together like this where we ended up where we didn't have a design done when we were supposed to start is we moved everybody into the contractor's office. We moved architects, owners, everybody into the office. That instant communication is a huge advantage of having everybody there for answers.

And I say this because in your situation of building an embassy and a situation occurs out in the field across the pond or anywhere else and it's an e-mail and these people that are waiting and laborers

waiting and your costs are going up and all of a sudden you guys are in bed sleeping and they're working and they need answers.

So that type of communication becomes very, very important for your projects, too, that you have that ability to be able to give people answers to continue their work because if you don't, then the costs will go up.

I don't want to spend a lot of time. This was an incredible project. I measured it very easily. We had 20 months and we basically had to spend $30 million a month to make that goal. So that's how we measured this as month to month.

But it was a really interesting project to put people in the same room and get those types of answers. And that kind of made the success to complete a project like this.

No stadium in a -- going through two Januaries and Februaries and Decembers in Chicago in

the north had ever been built under these conditions. So it was a herculean task, but it was also a success story. And I'll leave it with that.

MR. NAMM: And the Bears got 12 games in there this year --

MR. KENNY: Yeah.

MR. NAMM: -- with the playoffs, right?

MR. KENNY: Exactly.

MR. NAMM: Questions, comments?

Lydia.

MS. MUNIZ: I'd just like to add when we were talking about finding a third way of delivering projects, we looked at integrated project delivery, but we talked to a team who had done a lean project. And we're very interested in how this might work.

I think what we're trying to find, so I would love to talk to you more, is a way -- obviously a number of groups have used these kind of ways of organizing contractors and owners or clients in a way

to get a better product out at the end.

I think what we need to figure out is how we might use that within really federal acquisition rules and regulations. And I think that's where it gets a little bit more complicated for us. But that's part of what we're going to be looking at in the next year, trying to find that third way.

MR. KENNY: I think it's really important for you to get into this. The -- we brought in the major -- we were able to put the team together ahead of the -- so we were picked by the owner of the Chicago Bears. I had spent years with them building their headquarters in training.

So we got to sit down with major subs, major suppliers, the NFL because they're like the FAA on a project at an airport, and we got to put this team together and that's why I get to -- we were doing lean before it became a term.

And we put the major subs in the room. We

put the major, you know, people that would -- everyone says stakeholder -- people that could delay the project. I mean, even from the permitting people at the city, we had to stick in a room to say this is what has to be done to get this done.

So everybody committed to it by putting that team together early. And they bought into the program we were going to build.

MS. MUNIZ: What's interesting for us, I think the team that we met with who had done this was a group that builds hospitals. So I think we sometimes feel a little bit unique. We think our buildings are so complicated and they're so expensive. We have so many design requirements.

But I think there are a lot of very large scale complex lab, hospital, stadium projects that have benefitted from this process and more importantly have been able to stay on schedule, on budget, and within scope which is really what we're trying to

achieve with this.

So thanks.

MR. NAMM: Okay. Thank you.

Thanks, Jim.

Next up is Janet, Janet White from AIA.

Please, Janet.

MS. WHITE: This election for design excellence is the U.S. Food and Drug Administration headquarters consolidation. It's in White Oak, Maryland. It was designed by Kling Stubbins in association with RTKL. I'm going to give you some brief background into, quote, Ambassador Kenny's term. It has a herculean scale.

It's -- the campus is on a historic site of 130 acres. It has over 3.8 million gross square feet of building area that was implemented in phases based on a year-to-year funding. The campus buildings house approximately 9,000 personnel. The occupancy of the first phase was in 2003 and they anticipate the

completion will be in 2013.

The campus master plan was formally updated four times since its inception in 1995 which was a result of the changes in the FDA's mission and an extended project schedule.

The project has realized over 50 percent growth in the 15 years of development to date and 50 percent growth in a 15-year time period screams flexibility which has been mentioned several times this morning and I'm going to talk about later on this afternoon.

The principal urban design concept for the campus is the development of a hierarchy of open spaces. The hierarchy creates a pedestrian scaled campus environment and the pedestrian campus lends the identity of the FDA to create places for employees to gather, interact, and collaborate.

The campus structure has six landscape quadrangles surrounded by office, laboratories, and

the six quadrangles are in turn arranged around a grand central main commons that provides expansive views out to the natural areas that are to the east of the campus.

The front of the campus is dominated by a historic building, it's called Building Number One, and a redesigned circular entry court.

The next slide, please.

This project like Greg Gidez was talking about his work, the project exceeds design excellence beyond the aesthetics of the building. Design excellence for this campus project includes numerous awards including USGBC, the American Institute of Architects, NAOP, FDA, and the Federal Energy and Water Management.

It capitalizes on the natural beauty of the site. It respects historic importance and character of the site and the efforts for preservation have been provided.

And a visible FDA public image is at the front of the site in Building Number One which is in the lower right-hand corner. That building received LEED Gold.

The top right photo is central share use which received LEED Silver and it also includes the White Oak data center.

The photo on the left is one of the early buildings, a life science laboratory, which received a GSA Construction Excellence Award.

Other features include the project provides secure, sustainable, and flexible facilities. It optimizes efficiencies gained through consolidation and shared use.

The collegial environment creates -- that was created fosters interaction and collaboration and the project represents the effective commitment to partnering with the federal government over an extended period of time.

And as has been mentioned previously, partnering is a highlighted feature of design excellence inarguably.

This long-term project has had exceptional performance in budget and in schedule, compliance and also successful management of over 15 design consultants.

The GSA has lauded this project for coordination with multiple agencies, federal, state, local and community interest groups. And the FDA has also lauded this project for coordination with nine general contractors throughout the life of the project.

Last but not least, the FDA campus has achieved a high level of sustainability including LEED certification and registration for seven buildings. Two have Gold. Two have or are tracking Silver -- five. I'm sorry.

The project includes energy savings

performance contract work with Honeywell International optimizing energy efficiencies and building systems integration.

And for those of you who heard my presentation at the last IAP panel in October, energy is a good topic to close on design excellence for this project and for any project.

MR. NAMM: Thank you, Janet. Interesting.

And we are -- we just celebrated Earth Day by reissuing a cable to all posts seeking to get posts interested in energy savings performance contracts. It's something that -- again, the savings would come out of that regional bureau money, the money that pays utilities, but we are here to provide technical assistance to those posts.

MS. WHITE: And they understand it pays for itself.

MR. NAMM: And it -- that's right.

Any other question, comment?

(Whereupon, there was no response.)

MR. NAMM: Okay. Thanks, Janet.

Next up is Stuart Sokoloff from SAVE International.

Stuart, please.

MR. SOKOLOFF: Okay. Thank you.

MR. NAMM: Bill, sorry.

MR. MINER: Just one observation.

MR. NAMM: Please.

MR. MINER: And that project sort of brought it to mind because that one is in my neighborhood and it's a very welcome new addition. That project, the airport, the stadium all have pretty demanding security requirements as well.

And you've managed not only to produce a LEED certifiable, aesthetically pleasing, functional compound or complex of buildings, but you've also met pretty high security standards in a way that's somewhat transparent.

Maybe you could talk about how that's integrated into your project.

MS. WHITE: In specific terms, I probably can't do that myself. I need some support on that. But I think the fact that, as you said, this is very similar to an embassy. It's welcoming, but it is secure.

MR. NAMM: Christy, pull the slide back up if you will, please.

And you're on a large piece of land.

MS. WHITE: A hundred and thirty acres --

MR. NAMM: Yeah.

MS. WHITE: -- of land. So the perimeter security and then the individual building security. It's not top secret high security, but there is a data center, as I said, in Building Number One.

And the point is made it can be done. And, again, the fact that this is a 15-year project with as many players and stakeholders, I've never seen

anything like this where everyone still gets along. I mean, it's remarkable.

But it's just good professional behavior and diligence. And it has high performance, good technology. And I also give credit not just to the architecture firm themselves, but it's also to GSA and how they play a very important and strong role in making this a successful project as OBO does with the embassies.

MR. NAMM: Okay. Thank you, Janet.

And now on to Stuart, please.

MR. SOKOLOFF: Okay. Thank you.

This is a very, very short presentation and the example was put together. I was assisted by two colleagues of mine. So if you agree with some of the comments herein, I'll take the credit. And if not, I'll pass along your dissatisfaction to them.

(Laughter.)

MR. SOKOLOFF: When we talk about value

engineering, let's not get caught up too rigidly in it has to be engineering. A more encompassing term would be value analysis because not every function in a building is engineered.

And what we aim to accomplish with the tool of value engineering, value analysis and we look at improving the design, identifying project functions, and we say function really, the performance of the building, how does it perform with an eye towards potentially challenging some of the initial assumptions.

When we go to design excellence, I think it's real -- next slide, please -- I think it's really somewhat subjective. And when we speak about design excellence, and it was mentioned in some of the previous slides and by Lydia, we're talking about best value.

And the equation that we use from the value engineering perspective is that best value is the

function or the performance of the building divided by its costs to get a numerical sense.

And design excellence could include the architecture, public image, the use, and there's a number of other terms, safety, functionality, is it inspirational, contextual and, of course, sustainable.

This is an example of a project for Lincoln Hospital in the Bronx. And Lincoln I believe is the third busiest hospital in the United States, especially in the summer at night and weekends.

And the goal of what we were looking here was to expand and/or renovate the emergency room, the emergency services in regard to the functionality and the construction staging.

This project was Silver LEED and did win an award by SAVE. Perhaps self-congratulatory. I wasn't involved.

Okay. Next slide.

The project itself is -- the hospital is

really huge and is a number of square blocks. The initial concept -- if we can go to the next slide -- the original concept was a two-story atrium building. And it wasn't very large. It was only about a 9,000 square foot addition. However, at a cost of between 12.3 and $15 million. The cost was over $1,300 a square foot.

So the final design concept -- the next slide, please, Christy -- was -- included a cost reduction of about $3.5 million to achieve its functions -- okay, next slide -- where instead of a one-story new addition -- we offered a one-story addition instead of two stories.

This was -- could be considered a compromise in the aesthetics because the building was not as large. Yet, there was significant cost savings and the other was to -- one of the others was to rehab the existing facility in lieu of new construction.

The first bullet was accepted entirely and

the second bullet was partially accepted.

That's it.

MR. NAMM: Okay. Thanks, Stuart.

Question, comment?

(Whereupon, there was no response.)

MR. NAMM: Okay. We'll move on now to Rod Ceasar from the AGC.

Ron.

MR. CEASAR: You can skip to the next one.

As a contractor, Christy said do one page and you got one page. No more, no less.

(Laughter.)

MR. CEASAR: I haven't said that. When I gave this to someone, they said there's no way we can get all this on one page. So you all are welcome to read that, but I've got several pages of chit chat.

From a contractor's standpoint in the AGC, what does design excellence mean? It is you all's right to design and have built the image that you want

to project.

For OBO, this is really complicated. When I started writing this, I thought this was going to be completely the opposite of what everyone at the table thought. And it was interesting when everybody was talking that there were bits and pieces of what you were saying that's actually up here.

One is the public perception by the citizens of the foreign country it is being built in as to what the image of the United States is. And I want to say that I've been involved in somewhere between 15 and 20 embassies and as an American citizen, I visited and used the services of probably a half a dozen or more.

And it is -- it's my personal image of what the U.S. is and that is entirely different sometimes from what the foreign country, the foreign nationals think it is. And that's an incredibly complicated thing.

And I want to applaud the move to design

excellence and improving the perception of what the foreign nationals see as the U.S. image.

MS. MUNIZ: I just want to add very quickly we sometimes forget that many people will never have the opportunity to come to the states. This is for many millions of people around the world the only part of the U.S. that they will ever see. And I say that because again I do think we work from the states and we forget that that's really the impression for millions of people around the world.

MR. CEASAR: Next we can't lose sight of the security of the occupants of the facility. And I have to say when I saw the bomb pictures of Dar Es Salaam and having been in Beirut actually one time and seeing the results of the embassy there, the Marines that were killed, you know, security of the occupants has got to be very, very important in merging this design excellence idea with what the ultimate purpose of these buildings is.

Lydia, to comment about one other thing, the openness of the facility and I applaud the move towards the barriers that we've set, anti-ram, anti-climb, all of the things that we have to do. Unfortunately, we're targets. And the things that we have to do, there is a merging of the openness that we want to project and the security that our folks need that are occupying these buildings.

As a taxpayer, I got to say that we have to watch out for the budget constraints that we have. We can't build jillion dollar facilities all over the world because we just can't afford it, but we can afford something better.

The constantly changing political situations in these countries is something that we also have to realize the constraints that you guys have. You know, who would have thought six months ago that Egypt and other places would be totally different than they were.

I was -- when we were looking at the pictures, by the way, all the pictures that were shown, the vast majority of them are in reasonably stable countries.

When you look at the approximately 80 projects that OBO has brought in the last ten years, I've got to say off the top of my head at least three-fourths of those were in countries that weren't very far removed from civil war. And we have been -- the company that I work for has been building buildings in countries that were not very far removed from civil war.

That's a big deal. So keep in mind in your mission, and you're moving forward with what I think is an excellent change, you have to really recognize the threat levels that constantly change.

And last, the perception of the taxpayers and their representatives of the final result, did we achieve it, was it cost effective, and, Adam, to

reiterate something you said, can we afford to sustain this thing for the next 50 to 100 years or however long the life of these buildings are.

This is a real dilemma for OBO and the State Department. And we'll talk about it more this afternoon, but one thing that from a contractor's standpoint that I want to caution is, you know, one size doesn't fit all. Early contractor involvement doesn't necessarily fit every project. Design build doesn't necessarily fit every project. Design bid build doesn't necessarily fit all the projects.

And I think there's a third way to get at some of these things and we need to move forward with it.

MR. NAMM: Great. Thank you, Rod.

Question, comment?

(Whereupon, there was no response.)

MR. NAMM: Okay. Thanks again.

And last we've got Hamid Adib from ASCE.

Hamid.

MR. ADIB: Thank you.

Okay. So we did elect to stay with one slide as well, but our animations that will take us to --

MR. NAMM: There you go.

(Laughter.)

MR. ADIB: So we've picked Eisenhower Executive Office Building, a great project, a great building to showcase. It was built in 19 -- I'm sorry -- in 1888, about 134 years of different tenants, different variations and, of course, you could see what -- you could think of what the inside of the building would be.

MR. NAMM: It used to be the home of the State Department --

MR. ADIB: That's correct.

MR. NAMM: -- way back.

MR. ADIB: That's right. And the Department

of Navy and so on and so forth.

So this actually quick presentation will touch on a lot of things that's been talked about, procurement, the best strategy, the low -- not the lowest cost, the best value. It was one of the -- it was a 400,000 square foot renovation and first GSA major design build project.

The import -- a very important part of this was the partnering which, you know, which has been talked about quite a bit by Jim and by others on this panel. It included the client, obviously the GSA, the customer which is the Executive Office of the President, the general contractor which was Grumley and, of course, the AE design team, AECOM, and construction manager which was Jacobs.

So you could see there's so many different players here and you really had to please a lot of different customers and clients, kind of what OBO faces on a daily basis.

What was very important on this project -- and, by the way, this project started about six years ago, so it's been ongoing. It's been three phases. And what was important was that at the very beginning to validate and maintain the scope of work and really making sure that that scope of work fits with the building.

And, again, what I think Greg talked about which was quite important on the delivery of this project was the problem solving spirit that was embraced by all of the team members. It was every single stakeholder that really embraced that philosophy and that spirit.

One thing that you have talked about here, Adam, was, you know, getting the decision makers to the charrettes. I mean, I don't know if you get the geography leaders to some of the charrettes, the facility managers to the charrettes or not, but it is extremely critical.

MR. NAMM: Yes, and including the posts.

MR. ADIB: Including the posts.

MR. NAMM: Yes.

MR. ADIB: It is very important to get the decision making -- makers to the charrettes.

Another thing that was done for this project was to assign championship for certain goals including sustainability. And this is not just the design team. This is not just the contracting team. This was actually the GSA that would pick an idea and would champion that. It would be the contractor that would champion it. It would be the construction manager that would champion it. So it was a really a team spirit. It was quite impressive how everybody embraced that process.

Clear communication protocol, that obviously has been talked about. And then what was also important was the way the RFP was written, defining the roles and responsibility for all the bidders. Not

only the communication was important but the RFP was extremely critical so that there's not a lot of contingencies that would be built into the prices, the pricing process.

This is quite important. You've touched on this quite a bit, sustainability. It wasn't that, okay, let's meet LEED Silver, let's meet LEED Gold. It's to pick the right LEED category to fit the project. This is extremely important rather than just a blanket statement.

And then, of course, you know, we've talked about this to have the facility managers on board with the LEED, you know, with the LEED strategy and, of course, the occupiers. Again, this has been talked about.

And, you know, again, communication was extremely critical on this. We were able to look at some innovations. Obviously from an architectural perspective, this was mostly an interior renovation.

It was really to bring the building back to its original state.

And it was very critical to use innovation and to use some modeling, whether it was the energy consumption goals that were set, that coupled with the maximizing the use of the existing chimneys and existing facilities within the building to enhance the performance, to utilizing computational dynamics, to really look at the air flow and air distribution and temperature control.

And above it all, you know, again, this started about six years ago, so BIM was used a lot for clash detection and, of course, for the client to know what they would end up with and, you know, sort of give them that picture of what some of these interior spaces would look like.

And, of course, you know, security is as important on this building as any other facility for the GSA and for the OBO. And we used high end

analysis to economically design and custom windows and doors that would fit with the historic picture of the building while you meet the security requirements.

That's it.

MR. NAMM: Thanks, Hamid.

It is a great looking building. I was just in there last week, in fact, and it's looking great. And I think if I have my history correct, the Department of State, the Department of War, and Department of the Navy which was separate at that point all shared that building. So essentially all of State and all of DoD fit into that building --

MR. ADIB: That's correct.

MR. NAMM: -- which wouldn't be possible today.

MR. ADIB: That's sort of a mirror image of the Treasury building on the other side of the --

MR. NAMM: Right.

MR. ADIB: It has the same footprint and --

MR. NAMM: Right.

MS. MUNIZ: I just wanted to comment on obviously the image reminds me and I want to remind everybody that the program, we tend to talk a lot about our new building program because obviously that's where a significant amount of our energy, of our investment is focused in that area, but we also have a wide variety of beautiful historic buildings.

And it's a very important part of our heritage, of our program renovating those buildings. And so design excellence for us applies obviously not only to new buildings but to major rehabilitations or to small renovation or updating projects and those old and historic buildings.

And the hope is with the Design Excellence Program that you design great buildings and they eventually become historic landmarks and you keep them for years and year. So it's an important part of -- it's very different work in some ways trying to work

around existing structures and to preserve them, but it's an important part of our program.

MR. NAMM: Yeah. And let me mention we've got what is our biggest major rehabilitation project in some years that will go out for bid this year, Helsinki, where we have buildings that were built on that campus for those that have been there, seen photos, buildings that were built in the early 1900s but that predate the existence of the country of Finland which was created in 1917.

So that's a big one for us and they're beautiful buildings in real bad shape. And that's exactly why we're doing the major rehab.

So thanks, Hamid, for that.

And made up the five minutes and so we're going to break for lunch. We will reconvene at 1:30.

Any announcements before Ramsay, please, with escorts and -- go ahead Ramsay.

MR. STALLMAN: We have a large group here

today, so we've got a number of eager escorts out in the hall. We would ask that those -- the panel members and the senior staff leave the auditorium first and head up to the seventh floor for lunch. Then we'll release the rest of you to the escorts in the hall. So if you would just stay in your seats, give the panel a quick --

MR. NAMM: Yeah. And if the panel members -- Lydia and I are going to stay behind to answer any press questions. The panel members will be going with you, Christy, or with Ramsay?

MR. STALLMAN: To the -- okay. I don't have anybody assigned to that. So if you would find somebody.

MR. NAMM: Okay. Phyllis, Pat and right --

(Whereupon, a luncheon recess was taken.)

MR. NAMM: Okay. We're going to get started, please. If everybody could take seats.

Okay. Good afternoon. Hope everybody had a good lunch.

One technical note. I've been given a note. If speakers could get a little bit closer to the mikes. There have been reports from the audience about not being able to hear and that's hopefully without throwing out any backs, but if folks could lean in a little bit to the microphones.

I want to recognize a couple of people. First of all, I neglected to mention Bill Brown is also with us.

Hi, Bill.

Former IAP panel member who represented Society of American Military Engineers.

Bill, welcome back.

And then sitting right behind me, and I'll let him take the mike for a minute, is Dick Shinnick who was mentioned this morning.

(Applause.)

MR. NAMM: The former director of OBO and is back in the building actually on other business.

MR. SHINNICK: Yes.

MR. NAMM: But stumbled upon us and we're happy he did. And I'm going to cede my mike to him for a couple minutes right now.

Dick.

MR. SHINNICK: I'm over here working for my new boss, CHS. And I was in the building and I started to get very suspicious when I saw all these OBO types wandering around at the lunch. You know, I figured maybe I need a taster depending on who's here.

(Laughter.)

MR. SHINNICK: But, anyway, I just -- I came in today to give Adam a hug and he's doing such a great job. And I saw Barbara Nadel out there and I just wanted to come in and -- Adam said you want to say a couple words and I do want to say a couple of words because there's a lot of people here, sitting

here, the great constant in OBO of design build and this package and that package.

And so I know having been -- having had the job that Adam has of trying to balance all the conflicting forces between the great artistry of the architects and the cold-blooded realism of the engineers and et cetera, et cetera. So I just had to come in to say I see the package.

I know Ambassador Nolan has been here working it very hard. And take no -- he does have credentials. Don't judge the man by his choice of ties --

(Laughter.)

MR. SHINNICK: -- on design excellence. He does have very good credentials. But I wanted to come out. And my tag line is '08 this was started. Barbara in the AIA. We were over at the American Institute of Architects, et cetera, et cetera, various meetings.

When I was here, it was all blah, blah, blah and far away dreams. So I just wanted to come in and congratulate Adam and the whole show and, of course, Joe and, of course, Lydia --

MS. MUNIZ: Thank you.

MR. SHINNICK: -- who -- and come in and congratulate them on taking BS and dreams and turning it into hard reality.

MS. MUNIZ: Thank you. Thank you.

(Applause.)

MR. SHINNICK: And I got out of OBO just in time because I was the BS specialist.

(Laughter.)

MR. SHINNICK: And when they sent a qualified executive here from NYU, I figured it's time for me to go.

(Laughter.)

MR. SHINNICK: Thank you. See you. Thank you very much.

(Applause.)

MR. NAMM: All right. And with that, thanks, Dick, we're going to jump right into four different afternoon sessions, half hour each involving both panel members, OBO staff, and a couple guest speakers.

Afternoon topic one is life cycle cost analysis and each of the panel members that are going to speak will speak for about five minutes and then we're going to leave five to ten minutes for question and answers at the end of the topic.

If everybody could save questions until all four panel members have presented. We're going to lead off with the IFMA presentation.

Yes, Jeff, you're going to make that. Please, life cycle cost analysis.

MR. JOHNSON: Okay. Thank you, Adam.

And as always, Director Shinnick is a tough act to follow, so I'll do my best here.

MR. NAMM: You got that right.

MR. JOHNSON: We thought we'd begin our presentation today with a -- you know, as all construction projects must begin with a definition from AIA which defines life cycle cost analysis as any technique which allows assessment of given solutions or choice among alternative solutions on the basis of considering all relevant economic consequences over a period of time.

Obviously the major obstacle we see in the federal sector to both innovation and energy use is the separation and accounting from acquisition and operations. There's a budget for acquisition. There's a budget for O&M. Often these responsibilities are housed in two different areas with two different reporting criteria.

This often means that investment in innovation that increases first cost like design and construction while reducing O&M costs is not

considered. This creates a misalignment. So obviously making life cycle costs part of a life cycle analysis and decision making is critically important.

You know, the common perception that we see, and unfortunately we don't see it so much outside of the Beltway, is that the largest cost of building is actually design and construction, but those at the table, those in the room know that the design and construction when you're looking at the full life cycle cost is typically less than five percent.

And if you go to the next slide.

If you include, you know, employee salaries and benefits, that number becomes less than one percent. And what IFMA and other associations that do the operations and maintenance routinely kind of argue is that two to four percent of a building's value needs to be invested in that facility each year.

And so when you look at that over the 50 to 60-year useful life of a facility, all of a sudden,

those costs come into perspective. And I know that's something where OBO has certainly, you know, struggled as most organizations do is how you minimize those back-end costs while at the same time, you know, minimize up-front costs as well.

When you look at design and construction as a percentage, you know, it doesn't look so intimidating there. Unfortunately, what we find routinely is that you can get the money for the initial investment but not so much for the O&M for the back end there.

When looking at the mechanics of life cycle cost analysis, and this is what, you know, our members routinely go through and this is actually what we teach and encourage, you know, the process is identify the project purpose, determine the baseline, determine the activity period, determine the study period, identify and estimate the costs, complete the life cycle cost calculation, consider any non-monetary

benefits and costs, and then compare and select the best alternatives.

You know, most look at buildings as a sum cost and a liability, not as an asset and achieving an organization's strategic purpose. We find that the more progressive companies that are out there see their real estate and their facilities for that matter as serving two purposes.

One obviously is supporting the production and processes and achieving business goals, but more importantly they see it as a symbolic representation of the organizations of the world. And that's obviously of critical importance to OBO.

The next slide.

Considerations when applying life cycle costs, obviously these are things that, you know, there's some ambiguity in and obviously some discussion about. When you look at complexity of the building, you know, a wide range of facility types,

you know, different ages, different conditions, they're built with different materials, different codes and different standards. That's certainly true here.

The biggest thing we see is uncertainty, you know, difficulty in predicting failure rates and life cycle expectancies, the maintenance and reinvestment costs for specific systems, components, and particularly in equipment that's due to different and local operations and maintenance standards. Again, a big consideration for OBO.

What we find is kind of the driving force here in Washington is a lack of appetite for new spending, you know, the kind of mantra that a cost deferred is a cost preferred which unfortunately here will cost you more money at the end of the day than perhaps if you'd made that initial investment.

As we had mentioned at lunch, I know there's some things going -- you know, underway at OBO and

with OMB trying to more accurately account for life cycle cost analysis and not have the bifurcated approach to the budget process where you're looking at O&M and initial construction separately.

The final slide is just a look at energy intensity in terms of building usage, in terms of building age and, you know, how the energy use of the building increases as it ages and something that is obviously a significant cost in life cycle analysis as well.

And that's in terms of the introduction to life cycle cost analysis. I know some of my panel members here are going to come forward with some solutions to those problems.

MR. NAMM: Thanks, Jeff. Thanks, Jeff.

And we'll move on to Hamid Adib from the ASCE.

Please, Hamid.

MR. ADIB: Thank you.

Okay. So there was a good definition that was given. What's important is really at the end of the day that cost is a tool. And what we really want to do is we want to maximize the value throughout the life of the building.

So within the design build context which a lot of OBO projects are done in that manner, what affects the total cost is a well-developed scope, program, and goals. And really in order to get the best value, you really need to define the key performance indexes and matrices for the performance of the building through the lifetime.

Now, we talked a little bit earlier this morning about measuring the building after the project was done. It is extremely critical in our opinion that that stage take place. And, of course, you know, you can structure your contracts over the long-term value.

The life cycle cost and technology that's

available to the design community and to the construction community is out there. You obviously deal with the initial costs. You look at the routine cost estimates.

But when you talk about the growth, you know, we talked again during lunch about the growth that's -- that OBO sees as far as future expansion and the needs and ever changing renewal and maintenance, there's a program that was developed for the intelligence community called EFast and it's -- so it's available to OBO to use it for that purpose.

And then when it comes to operations, there's another program that's available that's called SSIMe, that when you integrate EFast and SSIMe together, that gives you the tools to be able to really look at the value, not just the initial cost of a project.

And, of course, as Jeff just talked about is, you know, there's going to be uncertainty.

There's going to be risks that's associated with these cost projections and future expenses.

So -- and then, you know, when you're talking about the value management, you really need to, you know, go through the workshops, look at all different alternatives, look at the performance.

These would all be parts of the input that you would put into the programs that are available to you to be able to make those quantitative and decision making and, of course, then qualitative decision making comes into the picture afterwards.

So, you know, again, this is, you know, the basis, the risk management. Obviously with anything else, you really need to get the stakeholders to look at all of the risks that will be associated with the cost projects, the operations of the building.

And during the workshop, you look at all of the uncertainties and pay attention to the areas where obviously you have the maximize -- where you have

maximum level of control over.

To put a little bit more emphasis on EFast which really stands for Enterprise Facility Asset Strategy Tool, again, it's just a tool. You really need to have people that are knowledgeable about the operations, about the building, the finances, the users to really get involved. And you can get -- put different values, put different -- do what if scenario planning really through the EFast.

Look at different alternatives and then look at the different outcomes, looking at energy modelers to look at what the energy consumption of the building would be, and then come up with the true costs. And when you come up with the true costs, it -- you really can look at the net present value of it.

So just to get -- go a little bit into this tool, and, you know, this is really a presentation about an hour by itself, but very, very briefly it looks at, for example, whether you're looking at an

existing building, you can look at the planning adjacencies, looking at the best function of the building or if you're looking at renovation of a building or repurposing of an existing facility, look at the new programs that would be fitting within that structure, but not only looking at functional requirements, but also the infrastructure of the facility.

You could also put in things like the cost of operation of a facility and then you can also look at the -- you could use the EFast for capital planning purposes.

And, of course, you know, you can also use it for forecasting project requirements and looking at accurate project programs and -- programming and planning.

The best way to take a look at costs also is to look at annual cost and looking at what the cost of a program would be within the life cycle of that

program.

So, for example, if you have an asset that costs more but it has an expected lifetime of seven years and another one that has fifteen years, the cost of ownership would be all figured back into the front-end cost.

This is just a little diagram as to how you would use the tool in the planning process. Again, you know, you can look at last year's capital improvement plan. A lot of times, people will go ahead and say, okay, my last year's budget was X millions of dollars. This year, I'm just going to increase it by two percent, five percent, whatever it is, and put in for that.

This tool will really allow you to do an in-depth bottom-up analysis of your capital program and to help with the capital program part of it whereas the next program which is called SSIMe will help you with a lot of the back end, with the operations, with

the maintenance, with the total life cycle cost looking at real-time assessment of the elite points that you want to get whether it's a point where there's a federal mandate that you're looking to meet. And, you know, the optimum part of it is the real-time assessment of the cost of performance.

So all of this is available early on. The important part is to look at it as a continuous process and it is to really looking at measuring the performance of the building as you're going on through the life of the process to make sure that what you are anticipating or what you're paying for is actually being given to you.

MR. NAMM: Right. Okay. Thank you, Hamid.

Let's move on to Stuart Sokoloff from SAVE. We'll do questions with two more presentations and then we'll do questions at the end.

Stuart, please.

MR. SOKOLOFF: Okay. Christy, could you

just go to the next slide.

This last slide was provided to me by one of my colleagues and it's a cumulative accepted savings from the BE Program here at OBO. And cumulatively for seven years, it looks like $700 million which is a lot of money, but what I don't know is the basis for that. Is that initial or initial plus life cycle? And I'm going to find out for the next presentation.

Anecdotally the return on investment of 58 to one looks a little bit low. For most projects here in the states, it's usually a little bit higher at about a hundred to one. And I'll address that next time if you invite me back.

The next slide is value engineering and life cycle and what its goals are. It can reduce a budget either capital cost or life cycle and entices a focus on the long-term ownership costs.

Now, value is defined as function over cost. Equivalently it could be performance over cost, how

well does the building perform over its life, how easy is it to use. And when we're talking about costs, it's performance over initial plus life cycle cost.

In essence, it's a ratio that is qualitative for the performance aspects and semi quantitative for the cost because we come into risks and uncertainties when we try to estimate life cycle costs.

Go to the next slide, please.

This is a project which underwent a value engineering study about six years ago for Ontario power generation and it's a nuclear storage facility for spent fuel. And it's pretty interesting.

If you look at the photograph on the right side, those are the storage containers. They're approximately twelve feet high, seven feet by eight feet in plan. It's solid one inch steel and there's two layers of it. And in between is four inches of helium.

So the half life for this, it will no longer

be radioactive in 10,000 years which seems to be a bit of a problem. Nonetheless this was a prototype of how to store the fuel.

The two major aspects are or were what should the building look like and it doesn't need a building. All it needs is a foundation for the containers, but the owner insisted on a building because they didn't want anybody to see what's being stored. This is pretty close to Toronto or as they say -- the locals say Toronta.

So the other problem was -- one of the other aspects is the lighting. There were tremendous lighting costs involved for this. And there was an annual cost of about $20,000 per year in the lighting because they left the lights on all the time.

So one of the VE recommendations was why don't you put in a switch. So we put in a light switch that when the users needed to get around to move the containers or not.

And in the life cycle cost analysis for this case, for any case, there are risks, there are unanticipated values that we just don't know. They're guesstimates. One is what is the life of the building, of the facility, what is the anticipated interest rate as they apply to maintenance, operating costs, replacement of systems.

And the example -- go to the next sheet -- okay. So this is the example of the cost for turning off the lights.

And if you go to the very next slide Christy, this is -- that's the formula for present worth of an annual cost over time at an anticipated interest rate.

So in this example, if we take an interest rate of six percent and a life of 15 years, that $22,000 a year becomes annualized to a present value of $215,000 per facility. And since this is a prototype for ten, it was a life savings cost of $2

million. And if we change just the variable of the life and go to 30 years, then it was 300,000 per facility and $3 million.

MR. NAMM: Okay. Thank you, Stuart.

And we'll go to Scott Muldavin, Counselors of Real Estate.

Scott.

MR. MULDAVIN: Okay. You can go to the next -- don't forget the value and the risk in life cycle costing. I'm going to talk a little bit like as a consumer of these, not as an architect or an engineer, but as a guy with money. I co-founded a large investment management company using these things.

First of all, it's obvious that it's an improvement. The first cost takes into consideration operating costs. That's pretty straightforward. However, LCC is just cost. It's not benefits or value.

And I would caution. I love really your

guidelines, you know, your design excellence guidelines. You should ask yourself how much of the execution of these guidelines is covered by the LCC process. And the answer is not much of it because many of the benefits and the value side is actually done outside of that.

And rather -- and a little bit different than what Jeff was saying where you consider the benefits and value sort of at the bottom, it's actually -- it's got to be secure. It's got to achieve the diplomatic mission. And the costs are really after that. So think about that.

The methods are not perfect and you need to apply them carefully. In most cases, they've been used historically for single features or systems which make them very bad in thinking about benefits and value. They're pretty good for comparing lights, if you want to go compact fluorescents versus something else.

Bundled analysis, probably the best example in the private sector is the Empire State Building's retrofit where Rocky Mountain Institute and Jones, Lang, LaSalle and others developed a process where they came up with nine different solutions for energy, digital controls and different things with the windows. In order to do the life cycle costing, they did them each individually. Then they bundled them together.

But the process of bundling required judgments by experienced professionals about which combination of the bundles are going to make the most sense. And there's a lot of cautionary notes and how you use them. I'll talk more about that in a second.

Then you go to the BIM or the complex modeling or some of the things that Hamid talked about. And I'm going to also talk about this just a bit more, but you need to ask your service providers to make sure that they provide you information about

all the underlying assumptions and the judgments they made because very likely, particularly if you're going to consider that, you guys are going to have some thing -- some ideas about those assumptions. And if you don't understand them, you're not going to be able to implement it correctly.

Next LCC methods poorly deal with risks and I'll talk about that. Again, value considerations are largely outside of life cycle costing process. This is just something again producing enterprise costs, improving your reputation or leadership, reduced earnings risk, internal, external compliance. And then you could include many of the things in your design guidelines as sort of the value things.

And I think it's an important question. I don't know how you guys handle it, but how you integrate the value and benefit considerations as part of the LCC process. I mean, Hamid was suggesting that, which is really good, having the KPIs and

figuring in all these things and then somehow integrating it on a quantitative basis. That's more of a cost benefit model that OMB follows a lot.

And you need to think really carefully about that and as to whether -- in fact, I was talking with Lydia at lunch about some things are just minimum standards, I mean, and, you know, we got to achieve security, diplomatic mission and from my perspective some sustainability things.

So understanding where those go, but you need to understand that it is -- we talk about bifurcating operations from the capital costs. You know, right now you bifurcate -- LCC is bifurcated from value considerations largely. So just need to understand that.

Also, risk is largely outside the LCC process. You know, discount rates in both the private and public sector have been one of my most -- that are very, very difficult.

But I think in the last example Steve showed, you know, you always assume the same discount rate when you're comparing things. And it's some low number like six percent when actually theory related to discount rates in the public sector suggest that you should use a private cost of capital because theoretically you could take the government money and throw it somewhere and invest it. And for a lot of reasons, you need to do more with that.

Risk presentation practices are poor. Again, every qualitative assumption in a model has risks associated with it. They need to be presented or else you can't really do proper judgment.

And then also first cost analysis ignores many risks. And, of course, first cost analysis is part of life cycle costing.

Let's go to the next page.

This is just a Davis Langdon study which shows for sustainability at least that there's not a

lot of relationship between cost and LEED certification because if you look at those, even non-certified buildings, the blue ones, are some of the most expensive buildings and some of the least expensive.

And this is really the best example to me at least for sustainability about the -- there's so many other factors that affect cost.

But let's go to the next one.

I like this chart. This is from Annie Pierce at Virginia Tech. This is a developer's assessment because usually somebody says, well, you should do sustainability or do these new special things because there's not a lot of new costs.

But if you look at what -- so the owner would say I want to build -- you know, generate renewable energy. The designer interprets this building could include building integrated photovoltaics. The contractor hears you want me to

include a product to my cost that will require me to ask my established subcontractors to do unusual things at unusual times.

The electrical sub thinks I have to work on a rooftop. I'm not trained for fall protection. The roofing guy says you want me to put holes for wires in my roof and deck and still warranty it for leaks. And the supplier thinks there are only a few manufacturers of this product all with lengthy backlogs.

I just love that because it's a way of saying that whenever you ask for anything new or that's pioneering, it's not the actual costs, the hard costs. It's the mind death of doing a lot of this stuff and the changes in some of the process.

Go to the next one.

So, in fact, a lot of the costs in a life cycle costing model, particularly first cost analysis, are predicated upon strong performance in all these different areas, both process and future performance.

And as a solution, dealing with risk mitigation, you can actually -- you need to set up as part of your required input from your service providers, they need to explain how they're mitigating the risks of what they're suggesting by how they've done these things.

And, again, there's 200 pages in my book about risk, the best practices of these things.

Let's go to the next one.

Other -- so all these key risks -- and mitigation risk is perhaps one of the most important parts of life cycle costing. You can mitigate it through process and feature performance, expected life assumptions. I mean, life cycle costing sounds good, but now I'm assuming a 50-year durability on a green roof. That deals with all kinds of risks that weren't there with my first cost analysis. So you got to think a lot carefully about that.

The options analysis itself introduces

risks. Operating costs, capital costs over time, you know, performance only continues to perform if you can, you know, keep the buildings up.

Discount rate selection, and I'd love to spend more time on that topic with you guys because it's a very interesting one, and then, of course, the geographical implications.

Next.

And my final soapbox is own the qualitative nature of it and do it better. It's not all a black box.

Thanks.

MR. NAMM: Thank you, Scott.

Okay. Let me open it up for a couple -- three questions.

MR. SOKOLOFF: I have two quick questions.

MR. NAMM: Please.

MR. MULDAVIN: Rebuttal?

MR. SOKOLOFF: No.

(Laughter.)

MR. SOKOLOFF: I would never do that.

Question one is what do you consider an appropriate discount rate to be for public entities?

MR. MULDAVIN: I presume that's me rather than the public --

MR. SOKOLOFF: Well, I'm asking you, yes.

MR. MULDAVIN: Yes. Discount rates like with anything else, a discount rate is essentially the rate of return required to invest in a project given its particular and specific risks. So the discount rate would -- you'd have to look at the particular project and assess its risks. And you'd have to start with some sort of cost of capital number and build in the different kinds of risks. There are ways to do that.

MR. SOKOLOFF: Okay. I accept that answer.

MR. MULDAVIN: Yeah.

MR. SOKOLOFF: So -- and my second and last

question is, the graph that you showed displayed that there was really no difference in the costs whether a project was sustainable Silver, sustainable Gold, quasi Platinum.

Did that graph prepared by Davis Langdon, was that for initial cost or for an overall life cycle?

MR. MULDAVIN: That was an initial cost -- that was a development cost analysis.

MR. SOKOLOFF: Okay. Thank you.

MR. MULDAVIN: Yes, looking at hard development costs.

MR. NAMM: Okay. Thank you.

Other questions, comments?

Dan.

MR. HOGAN: Yeah. I've got maybe a quick comment and -- I've got a quick comment and maybe a question.

I appreciate what you're saying, Scott,

about risk analysis. We're starting to work on that a bit particularly with scheduling right now, getting in some ballistic work.

I think this question is mostly maybe for Hamid, but anyone. I'd like to hear from -- any good ideas.

Maybe that software can help us or maybe it can't. We're looking at best value when we're looking at trying to give somehow a life cycle score, like a quantitative score in making an award on a project on our best value basis.

Have you -- has anybody here seen or have you seen that software actually be capable of generating some kind of a score? Could we say to a contractor in your proposal, use this software, develop your conceptual design to the point where you can establish a life cycle cost for what you're proposing and then we can use that somehow as a number to feed into a formula for a best value award?

MR. ADIB: Yeah. I'm not sure if it's capable of doing it at the moment. But what it does, the EFast has -- again, it was designed for the intelligence community, so it's got a lot of government building data in it.

So the cost information that's in there, perhaps you can modify it such that you can determine if a contractor is giving you five different options on a building whether that becomes a best value or not. You may be able to use it in that manner.

Is that how you want to use it or a different --

MR. HOGAN: Well, I think we're figuring this out now, right? We're trying to figure out how to do this.

MR. ADIB: Yeah.

MR. HOGAN: My vision, I mean, in a typical best value formula, you'll give certain weights to certain criteria --

MR. ADIB: Right, right.

MR. HOGAN: -- and you end up with an answer. I'm not -- you know, I'm kind of asking. I'm not quite sure how we would go about doing life cycle costs. And it seems like it would be something, and we've talked about it internally, something that's easily manipulated by the bidders. And we want to make sure that somehow it's fair and transparent when we come up with some evaluation.

MR. ADIB: Well, it's certainly based on a lot of the information that we have and a lot of the -- all it is it's a database that's being manipulated and you could really -- you should be able to manipulate it the way you want to to be able to get to the results that you want to.

So I'll take a look at it a little bit with the people that wrote the program and I'll get back to you on that.

MR. HOGAN: Has anybody here seen life cycle

costs used as a best value criteria?

VOICE: I've never seen it.

VOICE: No, but --

VOICE: Not that it didn't work. I've seen it in doing analysis.

VOICE: Conceptual design work and things like that.

MR. MULDAVIN: What might be interesting about that is the real issue, the contractors that can -- if it's not just lowest cost, they have to guess into your mind about which value things are most important. Is it security? Is it diplomacy? Is it this?

And by actually -- and I did rating systems for Standard & Poors for years and there's only so many ways to rate something. You have to have variables, do you have the right variables, and then the ranking, the weighting of those variables.

And if you could actually transparently put

out so all the bidders had a transparent understanding of what the value criteria for this thing are, then I think you would get much better results because then everybody would be spending their time solving the things that are of most value to you. I don't know.

MR. NAMM: Okay. One more question or comment?

MS. MUNIZ: I have a question.

MR. NAMM: Please.

MS. MUNIZ: Scott, I think this question is more for you. So I think you outlined a lot of the limits of life cycle cost analysis which I think you were right on.

But my question is, how would you recommend folks use it in way that makes it useful? So, in other words, you're not discounting it? You're saying it needs to be balanced?

We need to understand that there are things that need to be taken into account to sort of counter

the judgment or the result that will come out of a life cycle analysis, but how exactly would you recommend we go about doing that?

MR. MULDAVIN: I think the most important thing is understanding where you do the benefits or value analysis. And I think that should be done up front.

And how you -- I mean, it's obviously -- you can say life cycle costing is really important, but at the end of the day, it doesn't address the things that you most need to accomplish with whatever that project is.

And so I think that that process needs to be made as transparent as possible and understand that life cycle costing is below that and is only part of the process.

And then the most important thing is that if you actually understand the mitigation efforts that were undertaken, then you can understand the nature of

the risks.

Let's take rate of return. This is a private sector example. What's better, a seven percent return or a fifteen percent return? The answer is it depends totally on the risk. Is it a project that's a hundred percent leased up or is it one that's got construction and execution and other kinds of risk?

So even the result of a life -- any numerical quantitative result is meaningless outside the context of risk. And so you have to -- whether it's the risk to achieving your -- the mission, achieving the value that you want. So you need to have more of a concrete way of getting some of those qualitative things that sometimes get left out integrated into the process.

MR. NAMM: Okay. Thank you. Good discussion. Thanks to the presenters.

Bill, do you have a question?

MR. MINER: No. Just again pointing out that, you know, there are always taboo areas for owners that prevent us from making those wise value decisions. And it was said early on that the first recommendation was no building at all. But then once you were forced into a building, then the saving was lighting the building. Well, you know, if they had taken the first recommendation, it would have solved both problems.

So we have the same sort of issue in our case. There are some very obvious opportunities that are always held at arm's length and said whatever you do, don't touch that security thing, but you can go and play with everything else. And then we start to pat ourselves on the back for finding savings over here where the real savings were the initial observations.

So I don't know what that says, but --

MR. MULDAVIN: You have to fight your values

at -- and this is my take on sustainability.

MR. MINER: Right.

MR. MULDAVIN: You have to fight your battles at the value basis. Then you get the budget and then you go and do it at the lowest cost basis, but you -- the best fight to get what you want is at the value level.

MR. NAMM: Okay. Thanks.

We'll make that the last word and we'll move on to topic two, designing for flexibility. And Brian Schmuecker from the Office of Design and Engineering is going to introduce the topic and the two panel members that will speak.

Brian.

MR. SCHMUECKER: All right. Thank you, Adam.

I'll start with a quote that interior designer Gary Wheeler provided that I think summarizes what we all see as design -- designing for flexibility

at least from an industry-wide perspective.

Workplace design should enable clients to do their jobs easily, remain flexible so that end users can adjust the space according to their particular work style, and be adaptable so that it can work well in the future.

I think that kind of is a good tee up. What I want to do is spend a few minutes talking about the additional challenges for OBO and the State Department at large.

So you can take the fact that you're completing a project, meeting the client's expectations, but then over time, we need to be able to readily adapt for change, do so at minimal cost, and while maintaining or enhancing productivity.

And I think Jeff's comments or Jeff's slides helped reinforce that. In fact, I know that the National Institutes for Science and Technology and others have done a lot of these designing and

productivity studies. And very similar statistics come out of these.

First cost two to three percent over the total life of a building that lasts to be five to fifty years. The O&M costs are usually about three times that. And then somewhere between 80 and 90 percent are the salaries and benefits of the people working in the building.

And the need to focus on that productivity over the long term and to be able to adjust for it really I think we see as something that we really need to strive for. And we're looking forward to Janet and Greg's comments in that regard.

In fact, there are some studies that have gone so far as to say simply going to ergonomic furniture has increased productivity from 10 to 15 percent. And when you think about the salaries and benefits and that 80 to 90 percent chunk, it's a lot of it.

For the State Department, for OBO in particular, we see some challenges that really you can talk about differences or changes or the evolution of people, places, and things.

With regards to people, Adam, you talked earlier today about the fact that our staffing becomes particularly fluid over time. We have an Office of Right Sizing. We don't have an office, but we have an Office of Tight Sizing when we can't afford to get people into new facilities, but we then have to actually reduce the amount of space they have individually.

You think that working with other countries is kind of a static process, but if you go back and look at countries and their establishment or their reestablishment since 1960, out of 195, about 105 of them have been established or reestablished since 1960.

And the State Department reacts to that and

our sister foreign affairs agencies need to react to that. So USAID, for example, has to go in those places where it's in our government's interest to help support emerging governments.

You can talk about the change in roles and responsibilities across any organization. We used to have secretaries and typists and clerks and now we have specialists and technicians and analysts. Those are different roles and responsibilities and different expectations and they need different tools to be able to do their jobs effectively.

Ergonomics, every time we think we understand ergonomics, we find out we can learn a little bit more about ergonomics. There's a lot of study in this area. The latest you see are some of the furniture vendors and one in particular going from the workstation to the walk station. You need to be more active. You shouldn't be behind a chair for eight hours a day. You need to be more active and

move around. You need more flexible workstations.

What is the study of ergonomics going to provide for us in the next 20 or 25 years and how do we plan for that? That's the kind of challenge we think we see coming.

You talk about the differences in diversity. We're all aware of cultural diversity, but at the same time, there is diversity within business units. If you go from one embassy to another to another, they have a different culture, a different way of working.

And we need to be able to, while maintaining a program that can expedite what we need to provide people, safe, secure, functional facilities, need to find a way to recognize that not every post is identical, but, yet, we need to follow some basic general trends across the program.

Also changes in workplace trends, job sharing, teleworking, teaming, the great case study this morning on Soldier Field and integrated project

delivery. Obviously as we become less dependent on the physical work environment being tethered to our workstation, what does the embassy look like as we go forward and what's that going to do and how could we or how should we plan for that?

So in the end, we see design for flexibility being critically important. In fact, if you look, it's going to become a requirement if you follow the lead of ICC. They have the International Green Construction Code which is going to roll out next year and there's a requirement for being able to design for flexibility for the next 25 years. Seventy percent of your materials should be able to be reused and reconfigured so that you can adapt to change without creating waste.

So those are some of the challenges we see over time for the State Department in particular. And obviously Janet and Greg would like to hear your thoughts on what we might be able to do.

MR. GIDEZ: Okay. Brian, well, the answer to your first question about where's ergonomics going and how are we going to improve productivity, I just learned a couple of days ago that those big gym balls that you have at the gym that you sit on, if you sit on one of them in your office, it improves your posture. And if you improve your posture, it will improve your productivity.

So -- and they're a lot cheaper than the Herman Miller chairs. And so we should all get the big gym balls. And you can deflate them when you want to take them with you. And it's very flexible. It's sort of gushy, squishy.

VOICE: (Indiscernible.)

MR. GIDEZ: Yes, yes.

(Laughter.)

MR. GIDEZ: Maybe we should start with the control tower folks and give them all --

(Laughter.)

MR. GIDEZ: -- gym balls to sit on. Okay. Well, you know, we heard a little bit about flexibility here. What we've put together here is that it needs to be versatile, allows for multiple uses, that it can't just serve one function, that it has to have multiple functions. It's got to be able to fill many or wear many hats. And that is a definition of flexibility.

It needs to be convertible. It needs to be adaptable for new uses. And I'm sure we can all think of different examples of something that can be used multiple ways.

A buck knife can be used for carving. It can be used for chopping. It can be used as a phillips head screwdriver. And if you want to take that even further, then you have your Swiss army knife which has your magnifying glasses, your tweezers, your toothpicks, your saws, all those other things. So that's a very flexible, convertible tool.

It's got to be scalable. As we get bigger or smaller, as the office -- as we need to put more people into the same amount of square footage or if we go into a space reduction, a lot of firms over the last couple of years because of the economy have had to downsize, and so that space needs to be flexible both in a growth and a contraction aspect.

And then it's got to be something that we can use to change the way we do things, that it's -- it challenges us to use it in new and different ways. And so those are the -- sort of the four basic components. There's obviously -- Legos are a great idea of modifiability and you can put them together in any different ways. I saw a nice looking Saab parked out of a ski resort up in Vail and I said, wow, that's a good looking Saab and I went up and it was nothing but a pile of Legos.

And so -- okay. So what is flexible design? It -- again, it's a three dimensional exercise. It is

not a two dimensional thing. It's not one dimensional. It needs to be able to multitask to serve many different functions. Again, it's adaptable. The expansion and contraction, the manipulation, and they all take up physical space.

And, again, what we work with in buildings and in design in physical space and how we design that physical space to be used or not used is -- you know, either drives the cost up or reduces our cost and exposure.

A lot of what we're seeing is virtual space. One of the things that we're looking at from a construction perspective is when we set up a job site, we roll in a bunch of trailers and those trailers are usually full of little offices of people behind closed doors, but usually there's a two or three trailer complex that has tables and tables and tables full of stacks and stacks of drawings that is what we build from.

And so there might be an area as big as this conference area here that's got nothing but drawings stacked up so that we can flip there and use them. And I'll argue that a flexible space might not need but a quarter of that and we could -- all we really need for those drawings is about four inches by four feet by about three feet and we hang it on the wall and we call it a touch screen TV. And we can pull up all of our drawings on there. We can all use the same drawings and we're all working from the same information. And that's a very flexible use of the space and now I've reduced my need for actual physical space.

Again, that same analogy can make me a lot more efficient. I can ship my drawings by the U.S. mail or by Pony Express or any other method to distribute them around to the 200 people that work on my project or I can scan them electronically and push the button and everybody is working from the same

information.

And so I am efficient in my use of the drawings. I'm efficient in my manipulation of the information and I'm efficient in the way I manage that. And I can control my costs.

And that leads right into the economies. I can reduce my printing budgets by half and my shipping costs by two-thirds if I use different technologies that allow that flexibility.

Now, from the shared and common use, the design excellence slides I put up earlier were the San Jose Airport. And one of the most important things for the owner of the airport, which is the city of San Jose, was that the space needed to be shared and it needed to have a common use function.

Typically when we go to an airport, we see Frontier, American, United, AirTran. They go on for miles and they all have their own little domains and they all have their separate computer systems. And

they all have their separately trained ticket operators and there's no efficiency there at all.

When one airline leaves, there's a -- it shuts down that section of the airport and the ticketing hall. There's a major remodeling project that is done. And that doesn't need to be -- that doesn't need to occur if you have a common use facility.

So what we did at San Jose was used a common use ticketing, so all that happened was you put your key in and you turned it and all of a sudden, United's logo came up on the front of the machine and that was now a United ticket counter. And, conversely, when they shut down, Frontier came in and turned theirs on and now it was a Frontier ticket counter.

And so the flexibility and the ability to use the common use was very efficient for the airport. And the same thing would go for the baggage systems. Rather than have an individual baggage system for

every airport operator, you had one baggage system and you used bar codes and scanners and the bags got sorted. And so instead of having $500 million worth of baggage handling equipment, we have $80 million worth of baggage handling equipment. It's very efficient and it's a shared common use.

And there are lots of applications that you can use when you're talking about flexible design as such. And so what are the kinds of things we want to consider when we're considering flexible design?

Well, first and foremost would be the economies. How can we save money, how can we be more effective and efficient with the assets that we're investing in?

One of the things that is -- we talked about here and I love the green footprint, the carbon footprint -- obviously the ability to make better use of our assets allows more of those other assets to be used in better ways and we're not overusing the

assets. And so our energy consumption and our carbon footprint is important when we consider flexibility.

Security, we have one security line -- now, I don't know how flexible this is now that -- going back to my airport where I used to have just a magnetometer and now I've got to put my hands up in the air and pray that nothing is going to happen. And then I find out I need to go through not only the body scanner but the magnetometer and then I got to go into the back room and get fondled.

(Laughter.)

MR. GIDEZ: And so obviously there are three different things doing all the same thing. If we can find the one technology that is a little more focused and it takes out all those unnecessary steps.

One of the most important things about flexibility is, as I mentioned earlier, is the ability to grow and shrink as we upsize or downsize. And also as we look at growth, we may not be able to enlarge

our facilities and so we have to look at how many more people we can get into the building and how we can make it function.

Some of those things are driven by the building codes which say you can only have so many people in that building before you need to enlarge the exits. And that comes down to how many bodies are in the building. It's not a square foot calculation, but it's an actual calculation of bodies.

And you should be sizing your building exits on the actual bodies, not on the theoretical bodies that could be in there. When that changes, then you add exits. When it -- you don't have to take them out. You can always have too many.

As we know right here, we have the extra doors right in the back right here.

But also looking at, for instance, the workstation. The way we did work in the old days, in my early days as an architect, we had drawing boards

and we had layout space. And we had pigeonholes behind us to store drawings. Well, the workplace has changed and so has the nature of how we do work.

Really all I need is a computer screen and maybe a layout table that's either common with the rest of my team, but I don't need a whole set of independent layout spaces when there are 40 people in the same office that all have the same drawing on their tables. And so we can significantly downsize and compact our people into smaller spaces without compromising their ability to do the work.

One of my favorites is telecommuting and the ability to use the same space for more than one people. So rather than have a dedicated office with your name on the door, you may have a slide where you can slide your name out. And on Thursday, somebody else is using your desk while I'm on the road and they slide their name in or maybe they don't even need that. And it's not important to have the name on the

door.

One of the -- the greatest ones I like to think of is doing a field office for the FBI and giving them -- every one of them their own 10 by 15 office and you go in there and you say where are you. And they're all out in the field.

So the question is, did they really need the field office or was there a better way to design the work space to take advantage of the fact that they're not there anymore.

Also looking at things like multiple shifts where you may have two work shifts using the same work space. The work space is flexible enough that maybe all I got to do is open the drawer and pull out the picture of my family and put it on the table and now it's my personal space. When I'm done, I put my family back in the drawer --

MR. NAMM: Or flat panel screen with -- you can punch a button and a different family comes up.

(Laughter.)

MR. GIDEZ: That's right. That's right.

And so there's some great advantages to telecommuting. I have an office up in my home office in Greeley that I go to about once a month and the rest of the time, I'm telecommuting.

The ability to upload or to download information, I can carry around a tremendous amount of information in my pocket. It has changed the way that I work and the needs that I have for that office.

The only reason I have an office there is so once a month, I can go show the boss that I still work there and check in with him and, again, have some place to put my family on the desk so that they have a home away from home.

The changes in the skill sets, again, when I started in the profession, the folks that I worked with, they had leather on their sleeves. They stood up at a drafting table. They had ink and they had

Mylar. And then we got into computer-aided drafting. And that was, okay, a change of the work environment.

Now we didn't need flat files to store the drawings. What we needed was a room in the back where we had the ten tons of air conditioning and the big microprocessors that the world had spun and now that's all happening in my desktop or my laptop and I can bring my whole office with me. And so things have changed. I no longer need to know how to draft. I just need to know how to run the software programs.

One of the skill sets that I hope industry listens to is I saw a great presentation at the ABC conference down in Orlando a few months ago where they called up every menu that was available to the -- I think it was Word and by the time they put all the menus on, there was only a postage stamp to actually work in and nobody knew what those icons were for because all we really needed was the four or five that we actually used to do our job.

And so, you know, as we get users developing the software, we'll actually get the tools that we need and not all the other flexible tools that I have no idea what to do with.

There's also -- so that comes into the technology part. There's the site variables. We talk about site adapt designs. Well, what does that really do to change the flexibility of the building?

Every site is different. Every climate is different. And our standard designs need to be able to have those flexibilities to react to those different site conditions, whether it be energy availability, whether it's water. And so there's a lot of sustainable characteristics that go in there.

And then just the mobility of our workforce. We change jobs frequently. Generations, my father's generation, you worked at the same company for 30 or 40 years. You got your gold watch and you retired and that was it. The generations coming up behind us will

not -- will turn on a dime if their job is not satisfying to them.

And so there needs to be the flexibility to churn people in and out and then there needs to be the flexibility to react to the needs of that individual so that you can keep them there and so that they're not -- you're not always having that churn and the cost of churn.

In order to have flexible design, you need to have a cultural and a behavioral change. Not everybody can work in a sustainable building if they've got to go up and open the windows, close the windows, raise the blinds, close the blinds, but those that are able to make that -- that have the flexibility to change and work within their environment, it's a great opportunity and an ability to really get value out of a sustainable building.

But that involves a change to the way we do our work and our behavioral change which leads right

to the work change. There we go.

Also the reconsideration of the tasks. Is there a better way to do the work or do we really need to do it the old fashion way? A lot of the challenges I have on the construction side is, well, we've been doing it this way for 30 years. And I say, well, you've been doing it wrong for 30 years because now we have these new tools.

And, for example, an iPad out on the job site has changed the way a superintendent manages the work and does quality control. He no longer has to take a note pad out there, walk back to the office, punch it in, and disseminate it. He can now do all that from his fingertips. And because of that change, he's able to stay out in the field and really work on things like quality control.

So the flexibility to change the way you do the work is very important. And then obviously as times get tough, the reallocation of resources is

important.

So what do you need in order to figure this all out? Well, you got to understand exactly what you're doing and analyze the task so that you understand how -- where the flexibility lies.

Again, what is your workforce? Are they twenty somethings? Are they 60-year-olds? They'll have different ways of doing their work.

You got to define the program that you want them -- you have to have a clear definition of the program. If you don't know where you're going, any road will do. So you really need to know where you're going.

You got to embrace technology. There are lots of innovations that are coming in the workplace and if you embrace the technology, it allows you the flexibility to change your ways. And it takes strong project management because people aren't going to do this on their own. They're not willing to make the

change. They're not willing to consider the ball to sit on versus the Herman Miller chair. It takes strong leadership at the top.

And obviously if I'm going to sit on a ball, it's going to take some thinking outside the box and I -- so I don't get snickered at when everybody else walks down and I'm sitting there on my little red ball.

And obviously with the way the world is right now, there is a need for this flexibility and this change. And so that's the big picture.

MR. NAMM: Okay. Thank you, Greg.

Janet, please.

MS. WHITE: Thanks, Greg.

A lot of what or some of what I'm going to say has -- is going to repeat what Brian said and what Greg said, but I think that's okay. We're going to drive the point home. It's a passionate subject. I can tell from how it came up so many times this

morning.

I'm going to talk about generic case studies for designing for workplace flexibility.

If you can change the slide. The -- one more. Go back one more time. I'm sorry. That's the correct slide.

The photo on the left is the Campbell Soup world headquarters in Camden, New Jersey. It was designed by Kling Stubbins. Some of the case study analysis that I'm going to show you are derived from this building as they are from other corporate interior projects and even government agency fit-outs.

There's general trends for the workplace flexibility and they're evident in three areas.

Next slide, please.

People, work, and place, which is similar to what Brian said, which was people, places, and things. Starting with people, general trends are to create community or identity of core values. And like social

networking sites, general trends are focused on social aspects of the work.

Specifically flexibility is primarily focused in the work and in place and how we work today is flexible, mobile, and global. And we do this using small portable technology and working in groups.

Clients are taking a more strategic approach to place. They're implementing mobility efforts in their facilities. They're initiating flex work programs. They're sharing space. They're increasing the number of assigned personnel to seats. And there's more and more telecommuting as Greg was talking about earlier.

It's telecommuting. It's teleworking. It's virtual working. You work from home. You work from the road. You do videoconferencing. You have go-to meetings. You have all kinds of virtual connections.

Clients want us to make the work spaces do more and to have more than one activity in each place.

Examples are cafeterias and dining facilities are now used as large meeting rooms. Circulation paths are used as nodal interaction zones and offices are frequently used as huddle rooms.

Next slide.

Looking at design trends, we're finding that clients are no longer creating expansive open work areas. They're creating neighborhoods, neighborhoods based on sizes of teams to integrate the work better and to support collaboration. They're using low horizon workstations, not assigned spaces.

Activity based workplace, and we're still on the other slide, activity based workplace is about choice where you can work anywhere. And if you need quiet head down space, you can choose any office. If you want to meet again, you choose an office or a huddle room.

The flexibility components that facilitate change in the workplace include demountable walls,

mobile furniture, raised access floor for power and air, and modularly planned work environments that can adapt.

Technology is a high priority for flexibility in the workplace. Wireless environments are desirable for ease in moving from space to space. And it goes without saying that technology is an important component for successful flexibility in any workplace.

Looking at benchmarking, benchmarking confirms the work space is being used more effectively and efficiently. Benchmarking is similar to commissioning. When you commission the building systems in buildings, you confirm you achieved what you designed.

Using benchmarking, the record shows three special patterns. First that space is being used more efficiently, that more space is assigned to teams and groups, not the individuals, and the trend over the

last 15 years is to reduce the gross square foot and usable square feet per person, to reduce sizes of offices, to reduce the number of offices. There's fewer private offices and there's smaller workstations.

Secondly, the space is evolving in size. And the last, the space is being transitioned to team shared spaces and collaborative amenity spaces.

In a quick summary, best practices for flexibility in the work space include mobility programs that increase space utilization and, of course, respond to employee needs for flexibility, increase collaborative and meeting spaces, collaboration is the key, having a choice or choices of where to work, designing flexible, adaptable work environments and furnishings including ergonomic furnishings, a sense of place and connectivity to others, this is the largest goal, in the workplace for effective recruitment and staff retention.

And in summary of the summary, designing for flexibility in the work space, it's essential for any successful work environment today. You can't afford not to.

MR. NAMM: Okay. Thank you, Janet.

And we have time for a couple of questions, comments. I'll open it up.

Jim.

MR. KENNY: Yeah. Do you -- and maybe Brian can answer this. Are you considering -- you know, the U.S. staff is there two to four years and they're gone, but the people who have the history of what goes on in that embassy are your local hires. And, you know, you have the space and the consular section. That's pretty much somewhat set.

But do you ever look at your space there for the people that are going to be there for, you know, could be 20-year career, 30-year career, or flexibility of what you need for that type of space in

the embassy? And the second part of that, you know, they always have this tough difficulty of where they can't go, and do we design it enough that it isn't so like it's a prison?

MR. SCHMUECKER: A couple of great observations from somebody who's obviously an insider.

The challenge with regards to consular as an example is making sure that we provide a work environment that the locals, the long-term, the equivalent of the Civil Service are there. I mentioned earlier about each post having their own culture and a lot of that is derived from the locals who provide that stability over time.

We're constantly looking for ways and working with our Consular Affairs Bureau because they're always looking to incorporate their lessons learned as well and improve their consular practices.

A lot of the reconfiguration we do have to do with the consular sections in particular because we

see that tremendous ebb and flow of demand for Visa services and passport services.

And then the other question you raised is about zoning. We look around periodically -- I wish Casey Jones was still here -- for comparable facilities. And the closest we've come to is probably a courthouse where you have zones and you have to be able to isolate some people from other places and, yet, it's still a public building in many respects.

And we do have a great challenge because the security requirements for the classified area are much different. And one of our great challenges going forward is how can we do the ebb and flow across that line so that we can either take the local work area and convert it to a work area where Americans can conduct classified business or the other way around.

We don't have a solid strategy for that and -- because of the extent of the security requirements that go with it. But it's a great question. It's

something that obviously we're struggling with in all honesty.

I have a question for Janet.

In discussing -- in your presentation, I saw a lot of common themes. No surprise. My question for us as we embark on going in this direction of design with flexibility or taking it to the next level, have you found that the clients are coming to the designers and with these ideas or are the designers presenting these ideas to the clients? And if it's the latter, how are they selling the cultural shift for some of the later and career folks?

MS. WHITE: We have a lot of smart clients admittedly including OBO. And I don't think it's a 50/50 street as to who's offering the ideas. In all fairness, as the designers, we're really bringing more up front to them.

But like any good client that is -- we give credit to for any good project, they're educable,

they're trainable. They want to know. And, you know, the cultural shift is anything from they hire facilitators to psychiatrists to psychologists to come in and work with the culture, you know, with team meetings, group sessions. That's not uncommon at all.

You know, it's buy-in. You get your leaders. You do the same thing at OBO. So it's passing the baton. There's not a formula for it. It depends upon how big the company is or the office is, what the history is.

A lot of what I was talking about here really deals with the younger generation coming in and what they're expecting, too. So I think a lot of the questions that the clients come with is, you know, how do we retain the good people and how do we recruit, you know, even more good people.

So I don't think OBO is any different situation than corporate America is right now for, you know, maintaining their good workforces and bringing

in, you know, a new generation. And all of these ideas right now, you know, it's truly collaboration. It is truly a transparency.

And that, again, using the social networking internet sites, we know something, you know, about what's going on in this world and it's -- you don't have to be 20 or 22 years old to be part of that. We can be part of that.

MR. NAMM: Although sometimes it feels like that.

MS. WHITE: Yeah.

MR. NAMM: Let me cut it off there. Thank you very much.

And we're going to move on to topic three, a look at embassy grounds. Bill MINER, director of our Office of --

MR. MINER: For the sake of time, I'm going to make a very simple introduction to --

MR. NAMM: Please. We're about 15 minutes

behind, Bill, so --

MR. MINER: Understood.

MR. NAMM: Thank you.

MR. MINER: Faye Harwell is with us. She'll be our guest speaker. She's from the landscape architecture firm of Rhodeside & Harwell. And they and other landscape architects have helped us address the issue of larger sites, but more importantly she'll speak today about how important the ages of our sites are and how that can impact the first impressions that our visitors have either positively or negatively.

So, Faye, share with us your findings.

MS. HARWELL: Thank you very much, Bill. It's a pleasure to be here today.

First slide.

I guess one of my observations in listening to everybody is that we're all sharing a lot of the same attitudes about the future, I think.

And what we've been learning through the

years that I've been working with OBO, which I think goes back to 1997 when I first worked on the embassy in Tehran, Albania when it was still in construction, is that first impressions really count when you come to an embassy. And I think design at every level is really a very important tool in developing a positive image for the United States.

And I'll talk about more than just the edges, but I do feel very strongly that the impression that you get when you come to an embassy has a great deal to do with how people in other countries perceive the United States.

And I think positive public diplomacy for our country really begins with the first contact that people have with our embassies and that is their first contact with the United States. And for many of them, it's the front door.

This is an embassy that my firm did do. It's one of the first ones that we did and we learned

a lot in this experience. It's Kingston, Jamaica. And I think what we learned is that although we focused a lot of attention on the interior, we really need to think a lot about the exterior and what people experience when they come through a city or a community and come to one of our sites.

And I think we have been dealing with a lot of issues related to ram proofing and security. One of the most important things that we have to do obviously is keep people inside the embassy safe, whether they are people from the country, the host country, or our own staff from our own country or visitors, consular visitors.

And one of the other things that we began really looking at over the years is what we call representational space. And in the past, it had always been understood as the space or spaces within the embassy compound that's most often seen by the visiting dignitaries. It's for ceremonial occasions,

annual events, special events, very often seen by people after they arrive at the embassy.

But what we've been learning is that particularly the main entry of the embassy and the consular entry areas are really the place where people make their first contact and really need to be considered as representational space.

This is one of our projects in Port-au-Prince. It's the entry plaza as you come towards the CAP. And it's an example -- let me just go back -- of what looks to be a fairly comfortable urban or suburban environment as you come to a building.

One of the things that we've been doing is working with Patrick Collins and also with -- and others at OBO and Davis, Brody, Bond Architects on a new study to look at the perimeters of projects all around the world.

And so I'll be showing you some examples of work that my firm has done and some examples that

other firms have been doing that we've been looking at and places where we've been coming in and doing additional work.

But I think you can see if you look at this edge of the embassy on Sophia, it's very much different from the edge that you saw in Kingston. Obviously it's a different environment, and I'll talk about that in a little bit also, but the preservation of existing trees, the fencing, the opportunity to have a sidewalk, it's a much more urbane or humane and park-like environment than what you saw in Kingston.

And so we're looking at a new concept for representational space, what it means outside the edge of the embassy, the first impression that people have when they approach the embassy, and the first contact should be comfortable offering protection from the elements when we can. It should be welcoming. And it should be as beautiful on the outside as we try to make the spaces within the embassy compound.

And I think Patrick talked with you a little bit this morning about the Design Excellence Program and the project that we're working on right now with OBO is the embassy perimeter improvement concepts which is a new way of looking at the edge.

And we look very carefully at that sequence of studies that we have to do which includes site analysis, risk and threat analysis, barrier selection, landscape, representational elements, and sustainability.

And you can see this in the graphic that was initiated by DBB and that we've been refining with them to get all the points in that are going to be part of the study.

We really are looking at how we can include the perimeter barriers that protect against things like that truck that I showed you earlier from ramming into the embassy, and all of you know the drill that we have to look at, and finding places for people to

pass between those edges, incorporating signage, incorporating vegetation, and really making a hospitable environment of it all.

We're also looking at the opportunities to use natural materials such as boulders, whether they're anchored or not, and that's still something that's under discussion, hardened furniture, trying to set the ram proof elements a bit away from elements that protect against climbing so that there is a vegetated edge.

And all of this gets to sustainable design issues as well. That's been a topic that's been of some discussion this afternoon since I've been looking at it.

And another image that DBB has put together are a pastiche or a collage of various opportunities for integrating natural elements, for integrating water in hahas (phonetic) or in water features.

You can see the little image on the top

right is our work at the National Aquarium in Baltimore which actually are not ram proof structures, but really have a lot of the same expression as some of the structures we deal with in our embassies.

And then the opportunities to use art and mosaic and green walls as part of a way to make the exterior environment more comfortable.

We've been interested in some of the work that we've been doing in Bishkek for the Kyrgyz Republic. The initial concept for this really involved a lot of attention, and you can see it in the top left of the slide, separating the anti-ram from anti-climb and creating as much as we could of a comfortable landscape environment.

In the cross-sections, you can see how you might approach the CAP or the consular access pavilion and you see the retaining walls on the right which are actually not retaining for that purpose, but they provide the anti-ram with a lot of vegetation.

And you can see in the cross-section that the whole system works so that some of the graded areas are reduced in height, they're lowered, so that you get this sequence of heights and you get a sense of a broader landscape. And in the end, you also have lower places in the landscape that can catch storm water and manage storm water.

So we really are doing what we would consider sustainable design, what we would consider a human landscape and really incorporating all of those aspects.

And I wanted to talk a little bit about sustainability because that's something that is very near and dear to my heart. I studied with Ian McArg (phonetic) at the University of Pennsylvania, so I have sustainability in my blood I think through my whole career.

But sustainability I think is not only about LEED and ecology and metrics. It's really not a line

item in a project budget. It's a basis for design throughout the project.

And it includes I think the perception of the United States presence overseas. It's American soil. It's the presentation of our national identity. It's a gesture of freedom and liberty and a cultural precedent about ourselves and the host country. It addresses historic and contemporary landscapes and it creates a sense of security and welcome.

So I think if you think about sustainability beyond some of the technics of it, it really has a broader and a deeper meaning.

Again, this is Port-au-Prince, Haiti and you can see some of the trees. These are baby landscapes obviously because this is only 15 years worth of work. And Haiti is a very recent one. But you can see the beginnings of shade canopy, of a hospitable and comfortable environment, an approach to the consular waiting area, cover and shade from the elements, lush

plantings, and places for people to be protected from ram, be protected or be contained without feeling like they're in a prison, a comfortable place to sit and be in the shade and a place that's attractive.

I think there's some key elements of that sustainable landscape that do have to do with LEED and ecology and that have to do with water conservation and planting and lighting and use of indigenous and local materials.

And I think I wanted to show you a couple of examples of projects that we've been working on. Islamabad, Pakistan is one, Belgrade, Serbia, Port Moresby, Papua, New Guinea, and I'll also show you the embassy in Malta which are totally different environments from one to another.

And I think the other point here is that when you go to Islamabad, it really shouldn't look like Belgrade and Belgrade should not look like Papua, New Guinea and New Guinea should not look like Malta.

And so somebody else mentioned the idea of really respecting local culture and I would add to that local climate, local ecology, and the differences of place.

This is a photograph of the embassy site in Pakistan which we're just now working on. And you can see that there are some areas of that site that are quite densely wooded. And the idea is to preserve those wooded areas. You can see them as dense green bands that go through the center of the site, and really using the local climate to create a very beautiful processional as you come to the site and you enter the site through the main consular access pavilion.

On the lower left, you see a little slide of images -- an image that shows part of that entry processional and the areas around the trees. The tree pits essentially are places to harvest rainwater and storm water when they do get rain which is very

intense.

It's not a new idea. Harvesting rainwater has been an idea in the Middle East for a thousand years. But this is a contemporary application of it and you see different places for people to sit and the idea of walls and incorporating water into the landscape as well.

Take a journey across the world to Belgrade and you're in a completely different environment, European cobbled streets, London Plane trees in the streets, horse chestnuts. It's a totally different environment. And so we begin to think of the different language of how to introduce people to the site.

You see at the front entry a series of walls. Again, the anti-ram is separated from the anti-climb. And between those areas are dense plantings of trees and in this case, they're flowering cherries because that's a common tree that's used very

typically in Belgrade.

Obviously it's a Japanese tree. It's not a native, but it's something that's used very commonly in the streets of Belgrade. And so it's a reference to something that people there see typically as well as the horse chestnuts we're using around the embassy entry, also used very commonly in the parks in Belgrade. So you have a completely different atmosphere than you would have in some place else like Islamabad.

In Port Moresby, Papua, New Guinea, we're doing again a completely different kind of environment. This is a mini compound, so it's a different size and shape. But, again, we're creating an entrance sequence that is more plaza like and obviously this is an initiative that OBO has had going for quite a while.

But the rest of the site is divided so that the interior of the sort of ellipsoid form is turf

grass and the exterior is all native grasses and really soft landscape using many, many types of native and tropical plants.

We have a series of walls that become benches, benches that become the backdrop for plantings, plantings that provide shade, and stone gardens so that we can have places to catch storm water and have sculptural interest without planting the whole site. And in an effort to reduce the amount of irrigation, that's also what we're doing.

Here are some images that were an inspiration to the design team for that. And I should say that I'm not going to all of these sites. I go to some of them and I'm very fortunate to do it. And we're fortunate to have other people in my office who can travel so that not one person is trying to run all over the world at one time.

One thing that we're doing a lot of is water conservation. We have three projects that we're using

for that. Example, one is Valletta, Malta. Another is Jakarta, Indonesia, and the other is the U.S. embassy in Nairobi, Kenya.

I see some friends around the room. I don't see anybody that we've worked with on Valletta which is being done by KCCTR Architects. But Jakarta is being done by Davis, Brody, Bond. I think Chris Gabbay is here. And in Nairobi, Kenya, we're doing a water study with CH Tooham Hill (phonetic) and I think I saw Courtney in the audience some place.

But all of these are taking a different approach to storm water management. This is Valletta, Malta. And I think this is probably the most challenging site. It is dry. It has less than 12 inches of rain a year. Cacti grow in the outskirts of the city and, yet, there are opportunities for tropical type plantings as well.

And we did a different approach to this site. As you can see, it's not very green. There are

large areas that are what we call stone garden.

The other area that was quite interesting in Malta was that in the early months of the site design, it was discovered that there was an archeological dig at the site. And in the center of that archeological dig, there are ruins that go back to the Bronze Age and Roman period tombs and so forth all the way through the Crusades.

And that's kind of what Malta is like. You put a shovel into the ground and you turn up a relic. And it's really a fascinating climate to work in and a fascinating thing.

So right now we're working on a little interpretative sign that's part of an overlook that looks over the stone area. And essentially that's what it will look like. It's a very different landscape. It needs to be interpreted. But water is such a precious commodity at this site that it really would not have been appropriate to try to use city

water to water the whole site. And so we're only watering it with storm water that is in a series of two cisterns that are under the parking spaces at the site.

This is just -- these photographs are very rough because the site is still under construction. It's just rapping up. But this is the stone garden and cactus garden near the MSGQ, the entrance to the site with a series of olive trees and rosemary beds and agaves and that's a very different environment from the one that I'm showing you now which is Jakarta, Indonesia, which is dense, rainy, tropical, hot.

On the lower right, you can see one of the fabulous trees that we're preserving on the site. It's a Samoan Simone, a gold rain tree. On the top right, a typical landscape at a hotel in Jakarta.

Here are some of the ideas that we generated when we first got to the site. The two slides on the

left look like what it looked like the first day we were there. It absolutely poured.

And then we began finding images ourselves and DBB to see what we could do to create walkways above the wet areas, to use the water and interpret it on the site and to develop that as part of the overall landscape.

The two trees are being preserved. The water is being directed to a series of reels and runnels that come through the site. Here you see a drawing of it. And this is another situation where we could probably spend an hour just talking about that. But you can see a cross-section through preservation of another tree with the elevated walkways, the sunken gardens that are going to be harvesting and utilizing rainwater as we develop the site.

And here are some of the images of the types of plantings that will be used in the areas of the

site that are irrigated.

Sustainable planting is another really important part of all of this, using native species. And I wanted to show you the embassy in Nairobi, Kenya. This is a bio-retention area, essentially a living machine which really catches storm water and partially treated water and uses it for the growth of native plantings.

And we're looking at that site trying to work with CH Tooham Hill to find other areas to do this kind of treatment at the site, but also to try to direct more water to these areas which are functioning really well.

And so we did a series of diagrams talking about how you collect water in cisterns, how you collect it over the surface of the site. Again, we could spend an hour on this one, but we won't.

But I think you get the idea of how you can study the exterior environment of the embassy to

really understand how to work with the native environment and the local environment and create a place that is attractive for people and also safe.

One of the things we're doing is reducing dark sky and we worked on a series of lighting design guidelines as one of the first projects that we did with OBO to provide security and create a welcoming atmosphere and avoid lighting spillover.

And we divided the site, a typical site into zones. I think this was Luanda, Angola which was the prototype that we had been working on at the time to really look at how you could combine security lighting with the lighting that you need for the site, combining the lighting with signage.

It's a very obvious thing. This is not brain surgery, but it really has a great overall effect when you consider what does the camera have to see, what do the guards have to see and how you can incorporate that.

So fast forwarding across the world again, this is Montevideo and Allen Divershi (phonetic), a landscape architect at OBO, was gracious enough to send me these slides to say this is a way that we don't want you to be doing your projects. And this is a way in Montevideo -- this was not done by my firm. It was done by another firm. But this is the way that you can do retaining walls, anti-ram steps, access to create a beautiful environment that still is secure, that still is safe, and that projects a welcoming and a friendly and attractive impression of our country.

So thank you.

MR. MINER: Thank you, Faye.

MR. NAMM: Great. Thank you, Faye.

(Applause.)

MR. NAMM: Thanks. That was a great presentation. Thank you very much.

MS. HARWELL: Thank you.

MR. NAMM: I'll take a question, comment or

two. Anybody?

(Whereupon, there was no response.)

MR. NAMM: Okay. I think it spoke for itself.

MS. HARWELL: I don't have a plant in the audience.

MR. NAMM: Thank you very much.

MS. HARWELL: Thank you.

MR. NAMM: That was great.

And we'll move on now to the fourth and final topic of the afternoon, contracting and selection methods, early contractor involvement, and best value. We'll have four panel members speaking.

And, again, I'm mindful of the time. It's ten after three. So if each of the four panel members could keep their remarks to four or five minutes and then we'll have a few minutes left at the end for questions.

First up is Rod Ceasar from the AEGC.

Rod.

MR. CEASAR: Well, as usual, the contractor is the last one. We're out of time and we got to make it up.

MR. NAMM: There you go.

(Laughter.)

MR. CEASAR: Pay attention because this -- put your seat belts on.

MR. NAMM: I can't rebut that, Rod.

MR. CEASAR: The question that I asked was how can early contractor involvement enhance the Design Excellence Program.

The positives are the contractor provides experienced input regarding constructability as it relates to design and budget constraints. We can provide material upgrades that might be achieved within whatever those budget constraints are.

And as the final design evolves, and this really is a very important thing, the owner and the

contractor and the AE speak with one voice. And I think that's the key to the early contractor involvement and the pluses of it.

At the same time, value engineering options can be reviewed openly during the design process when you really have the time to think about these things and work them out. At the end of the job or as the job is progressing, when somebody comes across a great idea, usually there's not enough time to incorporate it. So this is a key thing.

Some of the slight disadvantages are that ECI is not just the AE and the contractor. The owner has to be involved in the process. And the representatives of the owner have to be empowered to make timely decisions to protect the schedule and the budget.

And I would encourage you to be an active owner because the team will drift apart without that involvement. You're the glue to this thing. And

that's the way to make it work.

And the last point is that I don't think ECI is a good fit for all of your projects. I think you guys are on the right track with doing it on the London embassy. It is based utilized on mega projects, one of a kind initiatives, very technologically complex projects. So you're on the right track with that.

The next question I asked was how can best value enhance design excellence. And those are really two different things. I think what OBO is going to do is issue modified SED, the standard embassy design documents, to give the team a list of desired betterments.

And your reviewers are going to have to have the experience and the expertise to evaluate what are going to be some very sophisticated proposals that you're not used to seeing.

You will have more design variety and

choices than permitted by the current SEDs. And, again, I'll caution you. This is not something that's going to apply to every job either, but there are select ones.

Next one, Christy.

I'm not going to repeat this, but skip to the very last one which I said is not the best way to achieve design excellence for a particular project. I don't think best value would have applied to your London embassy, but it most certainly will apply to some of your embassies to come.

Next one.

This is -- I think you're already on the track for this third scheme that you're -- contracting scheme that you're looking for. This happens to be a current project that you have given us a substantial amount of design input. This is what you want the embassy to look like.

And I don't think that -- I don't think

you're sacrificing anything. This is a design build project. It is 33 months I think in duration. It utilizes a substantial amount of local material. And you know which one it is?

MR. NAMM: No, sir. Where are we?

MR. CEASAR: This is Santa Domingo. It will be completed hopefully on schedule since we're just breaking ground. I'd like to think everything is going to go right. This is the plus time of our schedule.

Go to the next one.

This is the presentational area. This is your gallery, your atrium, whatever you want to call it. This is what the public will see.

I got to tell you as a contractor I'll look at this and I see dollar signs because -- Christy, go to the last -- this is your standard embassy design presentation area.

And a last word of caution. I did a quick

review of a couple of your recent jobs that used a bridging design concept where you gave us a substantial amount of architectural input and then asked us to complete the design. And there were definitely areas to save money.

On a -- just to throw out a round figure, on a hundred million dollar project, what I saw as visually pleasing things roughly added about $6 million to the cost of the job, roughly six percent. And that's all without getting into sustainability issues and so on.

I had struggled with whether to show these or not because I didn't want this to sound critical of what you guys are doing, but I really think you're very close on this third contracting method to having the right idea.

And that's it.

MR. NAMM: Okay. And I take note of your words about Santa Domingo because you're very near and

dear to that project.

MR. CEASAR: Well, I was just there.

MR. NAMM: I know. I know.

MR. CEASAR: We're off to a good start, I think.

MR. NAMM: Okay. Thanks very much, Rod.

Okay. Greg, please.

MR. GIDEZ: I think this is Jim.

MR. NAMM: Oh, I'm sorry. This is Jim --

MR. KENNY: Yeah.

MR. NAMM: -- Kenny. Jim, sorry about that. Please.

MR. KENNY: This was my top ten list. And basically the construction industry through its history has kind of been a -- it's a reactive industry. It always reacts to what you're doing, what other people are doing and architects, engineers.

We will learn to get better at being involved early. We will learn from this. But right

now there's a lot of good firms that have the talent to sit at the table and really add value and get involved in some of these things.

I mean, an example of it, bringing in the geotechnical engineer into a meeting four months into the project where you told him you didn't do any site investigation. There's water four feet down. You can't do it, things like that. So this is bringing people to the table that can get things done.

The risk allocation part I think is an important part on number four when the parties start to understand who's responsible for what and why.

Safety gets to be a huge issue in a number of countries. I was just in Saudi. That now is becoming an issue when you go build in some of these countries that are going to become important. And that is developing in Saudi now. It's not there.

But the contractor can help you through how things -- can you get a crane into the site, can you

do this, that, those things, are important to have them at the table in the process.

The working relationship, it's like dancing. The contractor shows up and you've been dancing with the architect for six months, a year, whatever. He has to cut in and start this relationship from scratch. He's coming from behind or she from not knowing what you've talked about, what you discussed, how you want this project built, what are the important parts of this project for you. So they're coming in trying to learn this real quick and then trying to complete an assignment to get this done for you. That's it.

What we've seen in the future as you get down toward the bottom is we've seen when contractors are involved early, we've seen fewer claims. And the history in the end at the bottom, we have shown savings of roughly around five percent, but then it can get up to ten percent with early contractor

involvement in projects to help you get in the direction where everyone is on the same team.

But the relationship part of this in building this I think is more important. As I said, they come in at the last minute. And here's what I -- here's what I'll say about it and end this.

As you get into any project you're building, the biggest check you write every month when they're going is to one person, the contractor. You need to make that person where you're spending all those dollars engaged in the process to be responsible for what they're doing. That's the biggest check a month and you put the little bit of management on the whole process and them in the end.

Teach them to be -- they need to learn what your bigger picture is, what you're -- what she described in the landscaping, what she's learned from what the American image is about. They'll get there. You just need to bring them along and get them there.

So I think it's important you talk to them.

MR. NAMM: Thanks very much.

Greg, you've got a bunch of slides and not much time, I'm afraid.

MR. GIDEZ: Just real quick.

MR. NAMM: Please. Thank you.

MR. GIDEZ: The first question you ask, are you buying a commodity or are you buying a service. If you're buying a thousand of the same thing, then low bid is the way to go. If you're buying only one, then you want to go best value.

And I kind of make this look like a -- you know, the high bar or the low bar. Are you trying to get under the bar or are you trying to set the bar low? Are you trying to set the bar high and challenge your designers and your contractors to get over the top?

So best value, you got to establish both the qualitative and the quantitative selective process.

We recommend at DBIA that you go the two step best value qualification, pick the right team, and give them what they need to do and then select it on the performance based requirements and how they respond to that. Okay? It's important to establish the evaluation criteria because that way, they understand what the rules of engagement are. You can -- it's usually the technical, the quality of the design, their management processes, and then what have they done in the past. So you're selecting on the value and not on the price. Okay?

There's a number of different ways to do it. I'll be really quick here. You can either do fixed priced competitive design where you're setting what the price is and you ask everybody to do better than -- to give you the most you can for that price.

Next you can do a weighted criteria which is a little more complex where you're trying to get a price factor in there. This makes the selection

process a little bit more difficult and it also makes the way that we put our proposals a lot more difficult. We're trying to guess what you're really after here. Is it low price or best value?

And then really the variation on that is what the federal model is is that it's -- price is a factor. You must indicate whether it's a big factor or a little factor. And then there's a point category on how to get there. Okay?

These are the best practices. Again, tell them what the rules of engagement are. Clearly delineate what the program requirements are. It needs to be impartial.

We propose -- we recommend stipends because that gets the best talent to the table and shows that you're serious about what you're doing.

And then in the confidential meetings, open and honest dialogue so that we understand how best to solve your problems.

There are the conclusions. Again, it's a service, not a commodity. And I'll go right down to the two last or three last, less change orders and best value, less litigation and the most bang for the buck.

And this one will be really quick because we've already spoken about most of these other ones here.

Can't say it enough. It's already been said twice here, but bringing the expertise into the room as early as possible will give you the best bang for the buck and the best value and bring that talent forward.

The ECI is modeled after the CM@Risk. It starts as a CM@Agent and then once the contract is signed, it becomes a CM@Risk. Again, shift the risk to those that are most capable of managing the risk. So, again, the risk factor and it can be fixed price. There are a lot of different ways to buy that. Okay?

Again, we already heard this. Mostly it's for large complex, one-off type projects and it's really important. The collaborative aspect is to get the contractor in there early and form your teams and then take the most advantage of their knowledge and expertise. Okay?

Again, whether they bring in -- they're bringing the cost models, the constructability schedule, means and methods. And the means and methods is really important in today's day and age when you have an integrated process, especially with BIM. Means and methods is really critical to bring that forward.

It's not a design contract. It's not a design build contract. And I think really the important points here are it involves a lot of heavy lifting by the project manager and team up front to get the most value out of it. You can't wait for it to get thrown over the wall at 65 percent or a hundred

percent. It needs to be engaged early.

The design risk does remain with the owner. The schedule risk and the cost risk remain with the contractor. And it's really based on collaboration versus an integrated either an IPD or design build approach. Okay?

And, again, the risk is assigned to those most capable of managing it. And this is a -- something that was done by the Penn State just comparing the different methods of project delivery and the benefits. CM@Risk or ECI is somewhere between design build and a hard bid in its ability to improve the schedule and the cost and the quality is about the same.

And I think that should be pretty much it. Again, the conclusions we've already discussed and we can move on from there.

MR. NAMM: Okay. Thank you, Greg.

And, finally, Carlo.

MR. COLELLA: A lot of what I was going to say has already been said, so this should be pretty quick.

Many of our projects I think are complex enough that early contractor involvement is really important. The project that I featured earlier was a CM@Risk project where we brought the construction manager on board commensurate with the start of design. We use a best value, so I'm going to integrate these two ideas. We use a best value selection process to bring that construction manager on board. And I think particularly in public procurement, that's very valuable.

The pre-GMP part of the project is professional service and we in our solicitations have a fixed price lump sum for that. We have the weighting for factors and so forth, but there's a -- and we'll get to that in a little bit.

Maybe we can go to the next slide.

I think everybody understands having that expertise up front is very valuable. These are obviously -- having the constructor who's going to be responsible for eventually building the job involved early on is a tremendous benefit, quality of estimating, scheduling, and so forth.

Value analysis and getting the most bang for the buck, we've heard that a lot of times. And certainly in early contractor involvement, you can get a lot of great input and meet your design intent much better and more economically if you have the constructor's input.

Go to the next one.

Best value selection, I won't get into all of this, but basically what I wanted to differentiate here under category two is differentiating between what's in the price. Is it the total cost of the work which includes the trade contractor work or is it something less than that?

And with a CM@Risk, typically people have pre-construction services as part of the price, the fees, general conditions or not, that can be determined, but basically marrying up price component with qualifications is sort of the heart of best value selection.

We can go on.

Pretty simple. We're going to qualification, you know, request for qualifications, request for, you know, technical proposals and price proposals, you can do that as one step, two step.

We can go on a little bit.

Really, really important in best value selection is to compose a selection committee that has experience and knows what they're doing. This is a very difficult thing to do well. You need expertise. You need balance. If you don't have on staff all the expertise you need, you should consider third-party support.

The committee has got to have authority to make some decisions. Important to separate those reviewing technical proposals from price proposals and then documenting the evaluation is critically important.

Go to the next one.

The criteria, the non-price criteria, make sure you identify what's important, its relative importance. There's different methodologies for rating. You can use ordinal scoring or formulaic. Most times you'll want to involve an interview process. You want to be able to use references. You need to understand how to do that and how to score that.

Go on.

Level of detail in the price proposal is important. You want to have enough, I'd say, to make sure that you know the important components are covered.

One of the things that's really challenging in a best value selection is the -- understand you may get significant differences in price and then what do you do about that. There's sometimes a good reason to do best and finals. It's not to shop the price, but it's to clarify some things.

We can go on. We can skip right past this.

The -- I think one of the biggest challenges with best value selection is ensuring fairness or the perception of fair -- ensuring fairness and even when you do your best, you may still be perceived not to be fair because in the end, you have to be able to stand behind a selection among technically qualified proposals and you're going to pick one who's going to have a higher price than someone you determined is technically qualified.

And that sometimes, particularly in a public process, is a difficult thing to support. But you have to under -- you know, and your criteria and your

scoring, you have to be able to substantiate that. And that's why it's important to think through this ahead of time, run through some scenarios so you know you can live with the outcome. You don't want to find out when you open up the price proposal that you can't live with the outcome you just got.

MR. NAMM: Okay. Thank you, Carlo.

A question, comment or two? Anybody on the panel?

Please, Lydia.

MS. MUNIZ: A quick question. A couple of you did not recommend using ECI for smaller projects or you recommended it for mega projects, very large scale.

First I'd like to understand what you mean by large scale and then why wouldn't it be appropriate for smaller projects? Why -- how can -- I mean, you've all talked about the value of having the contractor involved very early in the process and I

think we agree on this side of the table, so I'm not sure that I understand why we wouldn't want to use that option more often than not if we're going design bid build.

MR. GIDEZ: I guess it's not that it's not appropriate. It's that it's most appropriate to use it on the big complex projects where there are a lot of factors that could influence the outcome.

The smaller projects are a lot more manageable. So it's always appropriate to get the expertise in the room as early as possible, but it's most appropriate on the large complex, one-off projects.

MS. MUNIZ: Okay.

MR. KENNY: I don't think I had a distinction of small or large. I think any time you can gain knowledge on your project, it's a bonus for you. Okay? That's my experience.

MS. MUNIZ: Okay. Thank you.

MR. COLELLA: I was going to add similarly, and I think one of the perceptions is the early contractor involvement may come without the kind of price competition that you might get in the trade contracts, but I think you can structure your price proposals on selecting a CM@Risk so that the price is competitive. All components of their price is competitive.

And then when you get to the point where you're soliciting a GMP from trade contractors, that's competitive. So I think people have the perception that may not be cost competitive and that's why you might limit it to only the bigger jobs.

MR. NAMM: Okay. Bill.

MR. MINER: Are there any federal agencies that currently do it in a way that you think we should take a look at closer?

(Whereupon, there was no response.)

(Laughter.)

VOICE: The gentleman in the uniform.

(Laughter.)

MR. NAMM: Could you put on a microphone, please, speak at the microphone.

VOICE: The Corps of Engineers has been using it. We've actually got a couple of projects down at Fort Belvoir not too far away.

One which was a great success was the National Geospatial Intelligence Agency that they're just finishing up right now. Another one is a new hospital at Fort Belvoir which is going to replace Walter Reed. Both of those used ECI. NGA is actually LEED Gold certified. Great project. Be willing obviously to share with you some of our lessons learned and project tours, whatever you'd like.

MR. MINER: Please do. Thank you very much.

MR. NAMM: Okay. I'll take one more comment or question.

Dan, go ahead.

MR. HOGAN: I was just going to say it's interesting. As we went through this process, we actually met some of the participants in those projects and they had some interesting things to say about it, just FYI.

VOICE: Can I have one more comment? This is -- to me, from my perspective, this has been the most useful IAP that I've been to. So I'd just like to say thanks to the panel. This has really been great. This is at a time where we're really trying to think through some new things and you guys have had some great comments.

MR. NAMM: Okay. Thank you all for those comments and questions.

We're going to wrap up. We've got four departing panel members and I'm going to make presentations to those folks.

First Lydia wants to say a couple of thank yous.

Please.

MS. MUNIZ: Again, it's been a great session for all of us. I think -- at OBO, we've done a lot of work to prepare for this, but what's great about this is being able to sort of put our thoughts out on the table in an environment with colleagues who've done this before and who can share their ideas sort of in the spirit of openness. So this has really been great for us.

So I wanted to thank first the members of the IAP for sharing your best practices, for looking at concepts, for being willing to look at what we're proposing. And I'm thanking you in advance for your continued participation.

I think you know now the direction that we want to go in and we're really open to ideas you may have weeks after this session or months after it. We're going to be going through this process for many months to come.

I wanted to thank again the working groups, the working group chairs who are all aligned around the table. Ken Schroeder I see down there who I didn't see earlier.

The steering committee members, many of whom are sitting around the table as well. Those included the deputy directors, all the managing directors, Christy Foushee, GSA.

But I also wanted to be sure to thank the staff, our staff who worked on this, in particular Susan Erin (phonetic) who spent many hours, Ambassador Rob Nolan, we just call him Rob, but, you know --

(Laughter.)

MS. MUNIZ: And Jay Holleran. A lot of people have done a lot of work and I just wanted to thank everybody. Like you, we all have full-time jobs and so I think trying to do this on top of our regular responsibilities for a lot of these folks has been a big commitment.

And I'd like to thank Christy Foushee in particular who on top of her role in design excellence organized this whole event for all of us. So it's really been terrific. So thank you everybody and I hope I haven't missed anyone.

MR. NAMM: Okay.

(Applause.)

MR. NAMM: And one more thank you to a whole bunch of escorts today, those folks that took many of you to the cafeteria and let you in and showed you where the men's and women's rooms are. Thank you to those folks.

And now I'm going to walk up front here so I can stand up and do these presentations.

MS. FOUSHEE: Adam, I just wanted to really quickly let all the invitees know that all of the materials that you have in hand in hard copy as well as the presentations will be available on state.gov/obo. Give us about a couple days.

There's also a transcription from the meetings that we always post. So if you're interested in some of the conversations that took place, that will also be available on our website.

MR. NAMM: Okay. I said four departing panel members. That's true. One is not here, Bill Rodgers from IFMA. So thanks to Bill and we will get him a certificate and a book.

The three that are here, Greg Gidez from DBIA.

Greg, why don't you come on up, please. Great. And, Greg, I'll read this one.

It says in recognition and appreciation of your significant contributions to the Bureau of Overseas Buildings Operations mission of providing more secure and more functional facilities for the conduct of U.S. diplomacy and the promotion of U.S. interests worldwide.

Thank you very much, Greg.

MR. GIDEZ: Thank you.

(Applause.)

MR. NAMM: Next Janet White from the AIA. Janet's last IAP.

And, Janet, in recognition and appreciation of your contributions to OBO's mission of providing more secure and more functional facilities for the conduct of U.S. diplomacy and the promotion of U.S. interests worldwide, thank you very much.

MS. WHITE: Thank you.

(Applause.)

MR. NAMM: And last but not least, Scott Muldavin, Scott from Counselors of Real Estate.

In recognition and appreciation of significant contributions to OBO's mission of providing more secure and more functional facilities for the conduct of U.S. diplomacy and the promotion of U.S. interests worldwide, you made it.

All right. And by the way, what each panel

member, each departing panel member is getting Elizabeth Gill Lui's building diplomacy, the architecture of American embassies.

Scott, thank you very much.

MR. MULDAVIN: Thank you.

(Applause.)

MR. NAMM: And that concludes our proceedings for today. Thank you all so much for coming and we'll see you in October.

(Whereupon, at 3:30 p.m., the above-entitled meeting was concluded.)

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